

***CITY OF AURORA, OREGON  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2019***

**CITY OF AURORA, OREGON**  
**CITY OFFICIALS**  
**JUNE 30, 2019**

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<u>Name</u>	<i>MAYOR</i>	<u>Term</u>
Kris Sallee		January 2021

***CITY COUNCIL MEMBERS***

Tara Weidman		January 2023
Brian Asher		January 2023
Mercedes Feely		January 2021
Tom Heitmanek		January 2021

**CITY ADMINISTRATION**

***City Recorder***

Scott W. Jorgensen

***Finance Officer***

Mary Lambert

***Officials and City Staff can be contacted at:***

21420 Main Street NE  
Aurora, Oregon 97002

**CITY OF AURORA, OREGON**

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Council Members  
City of Aurora  
21420 Main Street NE  
Aurora, Oregon 97002

#### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in the notes to the financial statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these modified cash basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, as of June 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

## ***Basis of Accounting***

We draw attention to the notes of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## ***Emphasis of Matter – Change in Accounting Presentation***

During the year ended June 30, 2019, the City combined related enterprise funds into two operating funds, Water and Sewer. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Report on Supplemental and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Management's discussion and analysis, budgetary comparison information and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental information as listed in the table of contents is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in notes to the financial statements.

Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## ***Other Legal and Regulatory Requirements***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 18, 2019, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Devan W. Esch, A Shareholder  
December 18, 2019

# CITY OF AURORA, OREGON

## Management's Discussion and Analysis June 30, 2019

As management of the City of Aurora, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019.

### Financial Highlights

	June 30,		change
	2019	2018	
Net position	\$ 2,367,003	\$ 2,130,263	\$ 236,740
Change in net position	236,740	255,501	(18,761)
Governmental net position	1,312,157	1,199,346	112,811
Proprietary net position	1,054,846	930,917	123,929
Change in governmental net position	112,811	155,377	(42,566)
Change in proprietary net position	123,929	100,124	23,805

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Aurora's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary and other information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include:

*The Statement of Net Position (Modified Cash Basis).* This presents information on the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*The Statement of Activities (Modified Cash Basis).* The *statement of activities* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenditures and other transactions that increase or reduce net position.

In the government-wide financial statements, the City's activities are shown as governmental and business-type activities. Governmental activities include all basic City government functions, such as administration, city hall, legal, parks, streets and police. These activities are primarily financed through property taxes and other intergovernmental activities. Business-type activities are those which are primarily financed through charges to customers, and include water and sewer operations.

**Fund financial statements.** The *fund financial statements* provide more detailed information about the City’s funds, focusing on its most significant or “major” funds – not the City of Aurora as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Aurora, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary (business-type) funds.

**Governmental funds.** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful in obtaining an understanding of each fund’s activity.

**Proprietary funds.** Proprietary funds are used to account for funds which are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Proprietary funds whose primary user is the public are known as enterprise funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplemental information*, including the budgetary comparison schedules and the combining non-major fund financial statements.

**Government-wide Financial Analysis**

**Statements of Net Position (modified cash basis)**

June 30,

	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,312,157	\$ 1,054,846	\$ 2,367,003	\$ 1,199,346	\$ 930,917	\$ 2,130,263
Liabilities	-	-	-	-	-	-
Net Position:						
Restricted	466,566	265,088	731,654	419,143	234,085	653,228
Unrestricted	845,591	789,758	1,635,349	780,203	696,832	1,477,035
Total Net Position	\$ 1,312,157	\$ 1,054,846	\$ 2,367,003	\$ 1,199,346	\$ 930,917	\$ 2,130,263

**Statement of Net Position (modified cash basis).** The *statement of net position* (modified cash basis) is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Aurora, assets exceeded liabilities by \$2,367,003 as of June 30, 2019.

Restricted net position represents sources that are subject to external restrictions on their use, such as debt service or capital projects.

Unrestricted net position is available for general operations of the City.

**Statements of Activities (modified cash basis)**  
**Year ended June 30,**

	2019			2018		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for service	\$ 118,901	\$ 697,297	\$ 816,198	\$ 150,845	\$ 651,422	\$ 802,267
Operating grants	71,548	-	71,548	62,894	2,000	64,894
Capital grants	10,210	15,150	25,360	23,320	37,875	61,195
General revenues						
Taxes and assessments	306,830	355,358	662,188	286,012	331,583	617,595
Franchise taxes	67,026	-	67,026	69,526	-	69,526
Intergovernmental	34,243	-	34,243	34,350	-	34,350
Miscellaneous	84,337	31,563	115,900	70,353	22,437	92,790
<i>Total revenues</i>	<u>693,095</u>	<u>1,099,368</u>	<u>1,792,463</u>	<u>697,300</u>	<u>1,045,317</u>	<u>1,742,617</u>
<b>Expenses</b>						
General government	160,272	-	160,272	143,838	-	143,838
Public safety	189,010	-	189,010	182,527	-	182,527
Highways and streets	79,513	-	79,513	64,089	-	64,089
Community development	151,489	-	151,489	151,469	-	151,469
Water	-	293,197	293,197	-	335,761	335,761
Sewer	-	682,242	682,242	-	609,432	609,432
<i>Total expenses</i>	<u>580,284</u>	<u>975,439</u>	<u>1,555,723</u>	<u>541,923</u>	<u>945,193</u>	<u>1,487,116</u>
Change in net position	112,811	123,929	236,740	155,377	100,124	255,501
Net position, beginning of year	<u>1,199,346</u>	<u>930,917</u>	<u>2,130,263</u>	<u>1,043,969</u>	<u>830,793</u>	<u>1,874,762</u>
Net position, end of year	<u><u>\$ 1,312,157</u></u>	<u><u>\$ 1,054,846</u></u>	<u><u>\$ 2,367,003</u></u>	<u><u>\$ 1,199,346</u></u>	<u><u>\$ 930,917</u></u>	<u><u>\$ 2,130,263</u></u>

**Statement of Activities (modified cash basis).** During the current fiscal year, the City's total net position increased by \$236,740 to \$2,367,003 from \$2,130,263 at the beginning of the year. The key elements of the change in the City's net position for the year ended June 30, 2019 are as follows:

*Governmental activities* - The City's net position increased by \$112,811 from governmental activities. Revenues were slightly less than the prior year, and expenses were more than in the prior year. The increase was less than the prior year's increase due to primarily to the increase in expenses.

*Business type activities* - The City's net position increased by \$123,929 from business type activities. Revenues increased by approximately \$54,000 compared to the prior year, and expenses increased by approximately \$30,000 compared to the prior year.

**Financial Analysis of the City of Aurora's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



**Governmental funds.** The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$1,312,157, an increase of \$112,811 over the prior year.

**Business-type funds.** The business-type funds account for the City's water and sewer operations. Revenue exceeded expenses by \$123,929 for the year ended June 30, 2019.

### **General Fund Budgetary Highlights**

The governing body made no changes to the General Fund budget for the fiscal year ended June 30, 2019.

### **Significant Fund Transactions**

#### *Major Governmental Funds:*

*General Fund.* The General Funds is the primary operating funds of the City. The fund balance was \$647,839 as of June 30, 2019. The fund balance increased \$38,383 during the current fiscal year. The increase was due primarily to revenues in excess of expenditures in the amount of \$62,883 offset by net transfers out of \$24,500. Revenues were very close to the amount budgeted, while expenditures were significantly under budget. As a measure of the liquidity, it may be useful to compare total fund balances to total fund expenditures. Fund balance represents 133% of total expenditures.

*Street/Storm Operating Fund.* The Street/Storm Operating Fund accounts for street maintenance and improvements. The fund balance increased by \$14,943. Charges for services and State gas tax revenues exceeded street-related expenditures.

*City Hall Building Fund* – The fund balance increased by \$26,975 due to transfers in of \$20,000 and minimal expenditures.

#### *Major Proprietary Operations:*

*Water Operations* – Water operations revenues are from charges for services and expenses are for personal services, materials and services, capital outlay, and debt service. Net position increased \$91,276 during the year due to operating income in excess of debt service and capital outlay.

*Sewer Operations* – Sewer operations revenues are from charges for services and expenses are for personal services, materials and services, capital outlay, and debt service. Net position increased by \$32,653 during the year due to operating income of \$98,547 which exceeded the net nonoperating expenses of \$65,894.

### **Debt Administration**

The City had total debt outstanding of \$1,792,184 at the end of the current fiscal year.

During the current fiscal year, the City's total debt decreased by \$283,812 (14%).

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The City had no general obligation debt subject to the limitation at June 30, 2019.

**City of Aurora  
Outstanding Debt**

	Business-type Activities	
	2019	2018
General obligation bonds	\$ 1,570,000	\$ 1,840,000
Loans	222,184	235,996
Total	\$ 1,792,184	\$ 2,075,996

Additional information on the City of Aurora’s long-term debt can be found in the notes to the basic financial statements of this report.

**Economic Factors and the Next Year’s Budget**

The City of Aurora’s Budget Committee considered all the following factors while preparing the City budget for the 2019-20 fiscal year:

- a. Prior history of revenues and expenditures
- b. Capital projects in the water and sewer funds
- c. Expected property tax revenues

**Requests for Information**

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City Recorder  
City of Aurora  
21420 Main Street NE  
Aurora, Oregon 97002

***BASIC FINANCIAL STATEMENTS***

**CITY OF AURORA, OREGON**  
**STATEMENT OF NET POSITION (MODIFIED CASH BASIS)**  
**JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,312,157	\$ 1,054,846	\$ 2,367,003
<b>LIABILITIES</b>			
	-	-	-
<b>NET POSITION</b>			
Restricted for:			
Customer deposits	-	9,450	9,450
Debt service	-	28,708	28,708
Capital outlay	188,301	226,930	415,231
Community development	14,513	-	14,513
Streets	263,752	-	263,752
Unrestricted	845,591	789,758	1,635,349
<i>Total Net Position</i>	<u>\$ 1,312,157</u>	<u>\$ 1,054,846</u>	<u>\$ 2,367,003</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF AURORA, OREGON**  
**STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)**  
**YEAR ENDED JUNE 30, 2019**

	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expenses) Revenues and Changes in Net Position</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities:</b>							
General government	\$ 160,272	\$ 8,962	\$ -	\$ -	\$ (151,310)	\$ -	\$ (151,310)
Public safety	189,010	28,274	-	-	(160,736)	-	(160,736)
Highways and streets	79,513	32,595	71,548	5,800	30,430	-	30,430
Community development	151,489	49,070	-	4,410	(98,009)	-	(98,009)
<i>Total Governmental activities</i>	580,284	118,901	71,548	10,210	(379,625)	-	(379,625)
<b>Business-type activities:</b>							
Water	293,197	358,001	-	11,086	-	75,890	75,890
Sewer	682,242	339,296	-	4,064	-	(338,882)	(338,882)
<i>Total Business-type activities</i>	975,439	697,297	-	15,150	-	(262,992)	(262,992)
<i>Total Activities</i>	<u>\$ 1,555,723</u>	<u>\$ 816,198</u>	<u>\$ 71,548</u>	<u>\$ 25,360</u>	(379,625)	(262,992)	(642,617)
<b>General Revenues:</b>							
Property taxes					306,830	355,358	662,188
Franchise taxes					67,026	-	67,026
Intergovernmental					34,243	-	34,243
Miscellaneous					84,337	31,563	115,900
<i>Total General Revenues</i>					492,436	386,921	879,357
<b>Change in net position</b>					112,811	123,929	236,740
<b>Net Position - beginning of year</b>					1,199,346	930,917	2,130,263
<b>Net Position - end of year</b>					<u>\$ 1,312,157</u>	<u>\$ 1,054,846</u>	<u>\$ 2,367,003</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF AURORA, OREGON**  
**BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u>General</u>	<u>Special Revenue</u> <u>Street / Storm</u> <u>Operating</u>	<u>Capital Projects</u> <u>City Hall</u> <u>Building</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 647,839	\$ 188,278	\$ 196,541	\$ 279,499	\$ 1,312,157
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance:</b>					
Restricted for:					
Capital outlay	-	-	-	188,301	188,301
Community development	-	-	-	14,513	14,513
Streets	-	188,278	-	75,474	263,752
Committed to:					
Capital acquisitions	-	-	196,541	1,211	197,752
Unassigned	647,839	-	-	-	647,839
<b>Total Fund Balance</b>	<b>647,839</b>	<b>188,278</b>	<b>196,541</b>	<b>279,499</b>	<b>1,312,157</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 647,839</b>	<b>\$ 188,278</b>	<b>\$ 196,541</b>	<b>\$ 279,499</b>	<b>\$ 1,312,157</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF AURORA, OREGON**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	General	Special Revenue	Capital Projects	Other	Total
		Street / Storm Operating	City Hall Building	Governmental Funds	
<b>REVENUES</b>					
Taxes and assessments	\$ 306,830	\$ -	\$ -	\$ -	\$ 306,830
Fines and forfeitures	28,274	-	-	-	28,274
Licenses and permits	122,900	-	2,158	12,760	137,818
Charges for services	-	18,404	-	14,191	32,595
Intergovernmental	34,243	71,548	-	-	105,791
Miscellaneous	57,474	4,504	4,817	14,992	81,787
<i>Total Revenues</i>	549,721	94,456	6,975	41,943	693,095
<b>EXPENDITURES</b>					
General government	160,272	-	-	-	160,272
Public safety	189,010	-	-	-	189,010
Highways and streets	-	62,297	-	-	62,297
Community development	137,556	-	-	13,933	151,489
Capital outlay	-	17,216	-	-	17,216
<i>Total Expenditures</i>	486,838	79,513	-	13,933	580,284
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	62,883	14,943	6,975	28,010	112,811
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	20,000	4,500	24,500
Transfers out	(24,500)	-	-	-	(24,500)
<i>Total Other Financing Sources (Uses)</i>	(24,500)	-	20,000	4,500	-
<b>NET CHANGE IN FUND BALANCE</b>	38,383	14,943	26,975	32,510	112,811
<b>FUND BALANCE, beginning of year</b>	609,456	173,335	169,566	246,989	1,199,346
<b>FUND BALANCE, end of year</b>	\$ 647,839	\$ 188,278	\$ 196,541	\$ 279,499	\$ 1,312,157

The accompanying notes are an integral part of the financial statements.

**CITY OF AURORA, OREGON**

**STATEMENT OF NET POSITION (MODIFIED CASH BASIS) - ENTERPRISE FUNDS**

**JUNE 30, 2019**

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	<u><i>Water Operations</i></u>	<u><i>Sewer Operations</i></u>	<u><i>Total</i></u>
<b>ASSETS</b>			
Cash and cash equivalents	579,851	474,995	\$ 1,054,846
<b>LIABILITIES</b>	-	-	-
<b>NET POSITION</b>			
Restricted for:			
Customer deposits	9,450	-	9,450
Debt service	-	28,708	28,708
Capital outlay	164,504	62,426	226,930
Unrestricted	405,897	383,861	789,758
<i>Total Net Position</i>	<u>\$ 579,851</u>	<u>\$ 474,995</u>	<u>\$ 1,054,846</u>

*The accompanying notes are an integral part of the financial statements.*



**CITY OF AURORA, OREGON****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****(MODIFIED CASH BASIS) - ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2019**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 358,001	\$ 339,296	\$ 697,297
Miscellaneous	1,450	-	1,450
<i>Total Operating Revenues</i>	359,451	339,296	698,747
<b>OPERATING EXPENSES</b>			
Personal services	92,342	105,008	197,350
Materials and services	140,056	135,741	275,797
<i>Total Operating Expenses</i>	232,398	240,749	473,147
<b>OPERATING INCOME</b>	127,053	98,547	225,600
<b>NONOPERATING ITEMS</b>			
Taxes and assessments	-	355,358	355,358
Interest revenue	13,936	16,177	30,113
Capital acquisitions	(39,907)	(91,518)	(131,425)
Debt payments			
Principal	(13,812)	(270,000)	(283,812)
Interest	(7,080)	(79,975)	(87,055)
<i>Total Nonoperating Items</i>	(46,863)	(69,958)	(116,821)
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	80,190	28,589	108,779
Capital contributions	11,086	4,064	15,150
Transfers in	20,000	20,000	40,000
Transfers out	(20,000)	(20,000)	(40,000)
<b>CHANGE IN NET POSITION</b>	91,276	32,653	123,929
<b>NET POSITION, beginning of year</b>	488,575	442,342	930,917
<b>NET POSITION, end of year</b>	\$ 579,851	\$ 474,995	\$ 1,054,846

The accompanying notes are an integral part of the financial statements.

**CITY OF AURORA, OREGON****STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) - ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2019**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 359,451	\$ 339,296	\$ 698,747
Cash paid to employees and others for salaries and benefits	(92,342)	(105,008)	(197,350)
Cash paid to suppliers and others	(140,056)	(135,741)	(275,797)
<i>Net Cash Provided by Operating Activities</i>	127,053	98,547	225,600
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	20,000	20,000	40,000
Taxes and assessments	-	355,358	355,358
Transfers out	(20,000)	(20,000)	(40,000)
<i>Net Cash Provided by Non-Capital Financing Activities</i>	-	355,358	355,358
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(39,907)	(91,518)	(131,425)
Principal paid on debt	(13,812)	(270,000)	(283,812)
Interest paid on debt	(7,080)	(79,975)	(87,055)
Capital contributions	11,086	4,064	15,150
<i>Net Cash Used for Capital and Related Financing Activities</i>	(49,713)	(437,429)	(487,142)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	13,936	16,177	30,113
<i>Increase in Cash and Investments</i>	91,276	32,653	123,929
<b>CASH AND INVESTMENTS, Beginning of year</b>	488,575	442,342	930,917
<b>CASH AND INVESTMENTS, End of year</b>	<u>\$ 579,851</u>	<u>\$ 474,995</u>	<u>\$ 1,054,846</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	<u>\$ 127,053</u>	<u>\$ 98,547</u>	<u>\$ 225,600</u>

The accompanying notes are an integral part of the financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Aurora, Oregon is governed by an elected mayor and four council members who comprise the City Council. The City Council exercises supervisory responsibilities over City operations, but day-to-day management control is the responsibility of a city recorder. All significant activities and organizations for which the City is financially accountable are included in the basic financial statements.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

*Basic Financial Statements*

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

*Government-wide financial statements* display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (modified cash basis) and the Statement of Activities (modified cash basis).

The Statement of Net Position (modified cash basis) presents the assets and liabilities of the City. Net position, representing assets less liabilities, is shown in two components: restricted for special purposes, amounts which must be spent in accordance with legal restrictions; and unrestricted, the amount available for ongoing City activities.

The Statement of Activities (modified cash basis) demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the City has governmental funds (general, special revenue, and capital projects) and proprietary type funds (enterprise). Major individual governmental funds and proprietary operations are reported as separate columns in the fund financial statements.

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation*

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures / expenses. The various funds are reported by generic classification within the financial statements.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures / expenses of either fund category or the government and enterprise combined) for the determination of major funds.

The City reports the following governmental funds as major funds:

*General Fund*

This fund accounts for the basic governmental financial operations of the City. Principal sources of revenues are property taxes, licenses and permits, franchise taxes and State shared revenues. Primary expenditures are for administration, police protection, parks, community development and municipal court.

*Street/Storm Operating Fund*

Gas tax apportionments received from the State are recorded in this fund. Expenditures are for road construction and maintenance.

*City Hall Building Fund*

This fund accounts for monies set aside by the City for the replacement of the City Hall building.

The City reports each of its proprietary operations. They are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These operations are entirely or predominantly self-supported through user charges to customers. The City reports the following major proprietary activities:

*Sewer Operations*

Accounts for the operations, maintenance, and capital construction projects for wastewater system, which is funded through utility fees, construction fees, and property taxes.

*Water Operations*

Accounts for the operations, maintenance, debt service, and capital construction projects for water system, which is funded through utility fees and construction fees.

*Fund Balance*

Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a legally or contractually required to be maintained intact or non-spendable form. Resources in non-spendable form include inventories, prepaids and deposits, and assets held for resale.

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Balance (Continued)*

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Officer uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

*Definitions of Governmental Fund Types*

The General Fund is used to account for the basic operations of the City, which include general government, public safety, highways and streets, and community development.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

*Measurement Focus and Basis of Accounting*

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, long-term liabilities such as debt are only reported in the notes to the financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

Enterprise funds distinguish between operating revenues and expenses and non-operating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, materials and supplies, and capital outlay. All revenues not considered operating are reported as non-operating items.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

*Cash and Cash Equivalents*

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, and the State Treasurer's Local Government Investment Pool, among others.

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments in the Local Government Investment Pool are stated at cost, which approximates fair value.

*Property Taxes*

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15 and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

*Capital Assets*

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported on the government-wide Statement of Net Position or the enterprise funds statements of Fund Net Position or in the notes to the financial statements.

*Long-Term Debt*

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures / expenses when paid.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Accrued Compensated Absences*

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure / expense when paid.

*Budget and Budgetary Accounting*

The City adopts the budget on an object basis; therefore, expenditures of a specific object within a fund may not legally exceed that object's appropriations. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year end and may not be carried over. The City does not use encumbrance accounting.

*Use of Estimates*

The preparation of basic financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following at June 30, 2019:

**Cash**

Cash on hand	\$ 400
Deposits with financial institutions	15,085

**Investments**

Local Government Investment Pool	2,351,519
	<hr/>
	\$ 2,367,003
	<hr/> <hr/>

*Deposits*

The City's deposits with various financial institutions had a book value of \$15,085 and a bank balance of \$90,943 as of June 30, 2019. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

*Custodial Credit Risk - Deposits*

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.



**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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**CASH AND CASH EQUIVALENTS (Continued)**

*Custodial Credit Risk – Deposits (Continued)*

Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2019 all of the City's bank balances were covered by FDIC insurance.

*Local Government Investment Pool*

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations.

The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2019, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. The LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

*Interest Rate Risk*

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

*Custodial Credit Risk - Investments*

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments.

**CITY OF AURORA, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

YEAR ENDED JUNE 30, 2019

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**CASH AND CASH EQUIVALENTS (Continued)**

The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

**LONG-TERM DEBT**

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

	<u>Outstanding July 1, 2018</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2019</u>	<u>Due Within One Year</u>
<i>Business-type activities</i>					
2019 General Obligation Bonds	\$ 1,840,000	\$ -	\$ (270,000)	\$ 1,570,000	\$ 295,000
Safe Drinking Water Loan	235,996	-	(13,812)	222,184	14,226
	<u>\$ 2,075,996</u>	<u>\$ -</u>	<u>\$ (283,812)</u>	<u>\$ 1,792,184</u>	<u>\$ 309,226</u>

Debt payments on the general obligation bonds are made from the G.O. Wastewater Bond Fund.

*Direct Borrowings – Business-type Activities*

2009 G. O. Bonds: On May 28, 2009 the City issued \$3,530,000 of general obligation bonds for sewer system capital improvements. The bonds call for annual payments ranging from \$287,374 to \$383,350 including interest at rates ranging from 2.5% to 4.5%. The bonds mature on June 1, 2024.

Safe Drinking Water Loan: On July 31, 2009 the City entered into a loan agreement with the Oregon Economic and Community Development Division (subsequently renamed Oregon Business Development Division) in the amount of \$330,812 with annual payments of \$20,892 which include interest at 3% through December 1, 2030. The purpose of the loan was for water system capital improvements. In the event of default, the lender may declare all amounts immediately due and payable and may exercise any remedy available at law or in equity.

**CITY OF AURORA, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2019

**LONG-TERM DEBT (Continued)**

Future debt service requirements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 309,226	\$ 75,841	\$ 385,067
2021	324,653	63,614	388,267
2022	350,093	49,224	399,317
2023	370,546	33,696	404,242
2024	291,012	17,254	308,266
2025-2029	87,559	16,900	104,459
2030-2032	59,095	3,579	62,674
	<u>\$ 1,792,184</u>	<u>\$ 260,108</u>	<u>\$ 2,052,292</u>

**PENSION PLAN**

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years, and are eligible to retire at age 55 [50]. Tier One benefits are reduced if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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**PENSION PLAN (Continued)**

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years, and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2019 were 8.14% for Tier One/Tier Two employees, 0.43% for OPSRP general service employees, and 3.31% for OPSRP police/fire employees. The City's total contributions to PERS were \$1,009 for fiscal year ended June 30, 2019.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2019 were based on the December 31, 2016 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2019, the City reported a net pension liability of \$256,229 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on a December 31, 2016 actuarial valuation, rolled forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.001691% as of the June 30, 2018 measurement date, compared to 0.000924% as of June 30, 2017.

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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**PENSION PLAN (Continued)**

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2016 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.50%, projected salary increases of 3.50%, investment rate of return of 7.20%, and mortality rates based on the RP-2000 sex-distinct mortality tables, with generational adjustments per scale BB. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using the discount rates of 6.20%, 7.20%, and 8.20%.

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Proportionate share of the net pension liability	\$ 428,208	\$ 256,229	\$ 114,275

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. The City has opted to not pick-up the contributions on behalf of employees. PERS contracts with VOYA Financial to administer the IAP.

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

**TRANSFERS**

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 24,500
City Hall Building	20,000	-
Aurora Colony Days	4,500	-
Water	-	20,000
Sewer	-	20,000
Sewer Reserve	20,000	-
Water Reserve	20,000	-
	<u>\$ 64,500</u>	<u>\$ 64,500</u>

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CONTINGENCIES**

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

***SUPPLEMENTAL INFORMATION***

**CITY OF AURORA, OREGON**

**COMBINING BALANCE SHEET (MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

	<i>Special Revenue</i>	<i>Capital Projects</i>		<i>Capital Projects</i>		
	<i>Aurora Colony Days</i>	<i>Park SDC</i>	<i>Park Reserve</i>	<i>Street / Storm SDC</i>	<i>Street / Storm Reserve</i>	<i>Total</i>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,513	\$ 58,577	\$ 1,211	\$ 75,474	\$ 129,724	\$ 279,499
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance:</b>						
Restricted for:						
Capital acquisitions	-	58,577	-	-	129,724	188,301
Streets	-	-	-	75,474	-	75,474
Community development	14,513	-	-	-	-	14,513
Committed to:						
Capital acquisitions	-	-	1,211	-	-	1,211
<i>Total Fund Balance</i>	14,513	58,577	1,211	75,474	129,724	279,499
<b>Total Liabilities and Fund Balance</b>	<b>\$ 14,513</b>	<b>\$ 58,577</b>	<b>\$ 1,211</b>	<b>\$ 75,474</b>	<b>\$ 129,724</b>	<b>\$ 279,499</b>



**CITY OF AURORA, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019**

	<i>Special Revenue</i>	<i>Capital Projects</i>		<i>Capital Projects</i>		
	<i>Aurora Colony Days</i>	<i>Park SDC</i>	<i>Park Reserve</i>	<i>Street / Storm SDC</i>	<i>Street / Storm Reserve</i>	<i>Total</i>
<b>REVENUES</b>						
Licenses and permits	\$ 2,550	\$ 4,410	\$ -	\$ 5,800	\$ -	\$ 12,760
Charges for services	-	-	-	-	14,191	14,191
Miscellaneous	8,786	1,349	30	1,796	3,031	14,992
<i>Total Revenues</i>	11,336	5,759	30	7,596	17,222	41,943
<b>EXPENDITURES</b>						
Community development	13,933	-	-	-	-	13,933
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,597)	5,759	30	7,596	17,222	28,010
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	4,500	-	-	-	-	4,500
<b>NET CHANGE IN FUND BALANCE</b>	1,903	5,759	30	7,596	17,222	32,510
<b>FUND BALANCE, beginning of year</b>	12,610	52,818	1,181	67,878	112,502	246,989
<b>FUND BALANCE, end of year</b>	\$ 14,513	\$ 58,577	\$ 1,211	\$ 75,474	\$ 129,724	\$ 279,499

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 289,839	\$ 289,839	\$ 306,830	\$ 16,991
Fines and forfeitures	20,500	20,500	28,274	7,774
Licenses and permits	139,000	139,000	122,900	(16,100)
Intergovernmental	65,000	65,000	34,243	(30,757)
Miscellaneous	77,782	77,782	57,474	(20,308)
<i>Total Revenues</i>	592,121	592,121	549,721	(42,400)
<b>EXPENDITURES</b>				
Administration	371,365	371,365	333,718	37,647
Community development	169,800	169,800	71,972	97,828
Municipal court	10,250	10,250	9,083	1,167
Public facilities	23,650	23,650	17,620	6,030
Park services	81,385	81,385	54,445	26,940
Contingency	447,671	447,671	-	447,671
<i>Total Expenditures</i>	1,104,121	1,104,121	486,838	617,283
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(512,000)	(512,000)	62,883	574,883
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(24,500)	(24,500)	(24,500)	-
<b>NET CHANGE IN FUND BALANCE</b>	(536,500)	(536,500)	38,383	574,883
<b>FUND BALANCE, beginning of year</b>	536,500	536,500	609,456	72,956
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 647,839	\$ 647,839

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET/STORM OPERATING FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 18,330	\$ 18,330	\$ 18,404	\$ 74
Intergovernmental	110,000	110,000	71,548	(38,452)
Miscellaneous	2,100	2,100	4,504	2,404
<i>Total Revenues</i>	130,430	130,430	94,456	(35,974)
<b>EXPENDITURES</b>				
Personal services	25,821	25,821	22,867	2,954
Materials and services	69,500	69,500	39,430	30,070
Capital outlay	77,500	77,500	17,216	60,284
Contingency	128,609	128,609	-	128,609
<i>Total Expenditures</i>	301,430	301,430	79,513	221,917
<b>NET CHANGE IN FUND BALANCE</b>	(171,000)	(171,000)	14,943	185,943
<b>FUND BALANCE, beginning of year</b>	171,000	171,000	173,335	2,335
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 188,278	\$ 188,278

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - CITY HALL BUILDING FUND  
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 5,800	\$ 5,800	\$ 2,158	\$ (3,642)
Miscellaneous	2,000	2,000	4,817	2,817
<i>Total Revenues</i>	7,800	7,800	6,975	(825)
<b>EXPENDITURES</b>				
Capital outlay	196,800	196,800	-	196,800
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(189,000)	(189,000)	6,975	195,975
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(169,000)	(169,000)	26,975	195,975
<b>FUND BALANCE, beginning of year</b>	169,000	169,000	169,566	566
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 196,541	\$ 196,541

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - AURORA COLONY DAYS FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 2,625	\$ 2,625	\$ 2,550	\$ (75)
Miscellaneous	7,830	7,830	8,786	956
<i>Total Revenues</i>	10,455	10,455	11,336	881
<b>EXPENDITURES</b>				
Personal services	2,572	2,572	2,198	374
Materials and services	15,500	15,500	11,735	3,765
Contingency	6,083	6,083	-	6,083
<i>Total Expenditures</i>	24,155	24,155	13,933	10,222
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(13,700)	(13,700)	(2,597)	11,103
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,500	4,500	4,500	-
<b>NET CHANGE IN FUND BALANCE</b>	(9,200)	(9,200)	1,903	11,103
<b>FUND BALANCE, beginning of year</b>	9,200	9,200	12,610	3,410
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 14,513	\$ 14,513

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARK SDC FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 6,615	\$ 6,615	\$ 4,410	\$ (2,205)
Miscellaneous	550	550	1,349	799
<i>Total Revenues</i>	7,165	7,165	5,759	(1,406)
<b>EXPENDITURES</b>				
Capital outlay	61,973	61,973	-	61,973
<b>NET CHANGE IN FUND BALANCE</b>	(54,808)	(54,808)	5,759	60,567
<b>FUND BALANCE, beginning of year</b>	54,808	54,808	52,818	(1,990)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 58,577	\$ 58,577

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARK RESERVE FUND  
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Miscellaneous	15	15	30	15
<i>Total Revenues</i>	6,015	6,015	30	(5,985)
<b>EXPENDITURES</b>				
Capital outlay	7,195	7,195	-	7,195
<b>NET CHANGE IN FUND BALANCE</b>	(1,180)	(1,180)	30	1,210
<b>FUND BALANCE, beginning of year</b>	1,180	1,180	1,181	1
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 1,211	\$ 1,211

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET/STORM SDC FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 11,600	\$ 11,600	\$ 5,800	\$ (5,800)
Miscellaneous	700	700	1,796	1,096
<i>Total Revenues</i>	12,300	12,300	7,596	(4,704)
<b>EXPENDITURES</b>				
Capital outlay	82,791	82,791	-	82,791
<b>NET CHANGE IN FUND BALANCE</b>	(70,491)	(70,491)	7,596	78,087
<b>FUND BALANCE, beginning of year</b>	70,491	70,491	67,878	(2,613)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 75,474	\$ 75,474



**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET/STORM RESERVE FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 14,100	\$ 14,100	\$ 14,191	\$ 91
Miscellaneous	1,400	1,400	3,031	1,631
<i>Total Revenues</i>	15,500	15,500	17,222	1,722
<b>EXPENDITURES</b>				
Capital outlay	128,000	128,000	-	128,000
<b>NET CHANGE IN FUND BALANCE</b>	(112,500)	(112,500)	17,222	129,722
<b>FUND BALANCE, beginning of year</b>	112,500	112,500	112,502	2
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 129,724	\$ 129,724

**CITY OF AURORA, OREGON****COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - WATER FUNDS****YEAR ENDED JUNE 30, 2019**

	<u>Water</u>	<u>Water Reserve</u>	<u>Water SDC</u>	<u>Total</u>
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ 11,086	\$ 11,086
Charges for services	358,001	-	-	358,001
Miscellaneous	1,450	-	-	1,450
Interest earnings	7,485	2,516	3,935	13,936
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	366,936	2,516	15,021	384,473
<b>EXPENDITURES</b>				
Personal services	92,342	-	-	92,342
Materials and services	140,056	-	-	140,056
Debt service				
Principal	13,812	-	-	13,812
Interest	7,080	-	-	7,080
Capital outlay	39,907	-	-	39,907
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	293,197	-	-	293,197
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	73,739	2,516	15,021	91,276
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	20,000	-	20,000
Transfers out	(20,000)	-	-	(20,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CHANGE IN FUND BALANCE</b>	53,739	22,516	15,021	91,276
<b>FUND BALANCE, beginning of year</b>	259,478	79,614	149,483	488,575
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	\$ 313,217	\$ 102,130	\$ 164,504	\$ 579,851
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 367,160	\$ 367,160	\$ 358,001	\$ (9,159)
Miscellaneous	1,650	1,650	1,450	(200)
Interest earnings	2,500	2,500	7,485	4,985
<i>Total Revenues</i>	<u>371,310</u>	<u>371,310</u>	<u>366,936</u>	<u>(4,374)</u>
<b>EXPENDITURES</b>				
Personal services	112,725	112,725	92,342	20,383
Materials and services	194,975	194,975	140,056	54,919
Debt service				
Principal	13,812	13,812	13,812	-
Interest	7,080	7,080	7,080	-
Capital outlay	73,900	73,900	39,907	33,993
Contingency	194,818	194,818	-	194,818
<i>Total Expenditures</i>	<u>597,310</u>	<u>597,310</u>	<u>293,197</u>	<u>304,113</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(226,000)	(226,000)	73,739	299,739
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(20,000)	(20,000)	(20,000)	-
<b>CHANGE IN FUND BALANCE</b>	(246,000)	(246,000)	53,739	299,739
<b>FUND BALANCE, beginning of year</b>	<u>246,000</u>	<u>246,000</u>	<u>259,478</u>	<u>13,478</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,217</u>	<u>\$ 313,217</u>

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER RESERVE FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Interest earnings	\$ 1,000	\$ 1,000	\$ 2,516	\$ 1,516
<b>EXPENDITURES</b>				
Capital outlay	100,400	100,400	-	100,400
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(99,400)	(99,400)	2,516	101,916
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
<b>CHANGE IN FUND BALANCE</b>	(79,400)	(79,400)	22,516	101,916
<b>FUND BALANCE, beginning of year</b>	79,400	79,400	79,614	214
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 102,130	\$ 102,130

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER SDC FUND**

**YEAR ENDED JUNE 30, 2019**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 22,172	\$ 22,172	\$ 11,086	\$ (11,086)
Interest earnings	1,500	1,500	3,935	2,435
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	23,672	23,672	15,021	(8,651)
<b>EXPENDITURES</b>				
Capital outlay	178,300	178,300	-	178,300
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CHANGE IN FUND BALANCE</b>	(154,628)	(154,628)	15,021	169,649
<b>FUND BALANCE, beginning of year</b>	154,628	154,628	149,483	(5,145)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 164,504	\$ 164,504
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF AURORA, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(MODIFIED CASH BASIS) - SEWER FUNDS**

**YEAR ENDED JUNE 30, 2019**

	<u>Sewer</u>	<u>Sewer Reserve</u>	<u>Sewer SDC</u>	<u>General Obligation Wastewater Bond</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 355,358	\$ 355,358
Licenses and permits	-	-	4,064	-	4,064
Charges for services	339,296	-	-	-	339,296
Interest earnings	8,253	1,254	1,493	5,177	16,177
<i>Total Revenues</i>	<u>347,549</u>	<u>1,254</u>	<u>5,557</u>	<u>360,535</u>	<u>714,895</u>
<b>EXPENDITURES</b>					
Personal services	105,008	-	-	-	105,008
Materials and services	135,741	-	-	-	135,741
Debt service					
Principal	-	-	-	270,000	270,000
Interest	-	-	-	79,975	79,975
Capital outlay	34,706	56,812	-	-	91,518
<i>Total Expenditures</i>	<u>275,455</u>	<u>56,812</u>	<u>-</u>	<u>349,975</u>	<u>682,242</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	72,094	(55,558)	5,557	10,560	32,653
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	20,000	-	-	20,000
Transfers out	(20,000)	-	-	-	(20,000)
<i>Total Other Financing Sources and Uses</i>	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	52,094	(35,558)	5,557	10,560	32,653
<b>FUND BALANCE, beginning of year</b>	318,016	49,309	56,869	18,148	442,342
<b>FUND BALANCE, end of year</b>	<u>\$ 370,110</u>	<u>\$ 13,751</u>	<u>\$ 62,426</u>	<u>\$ 28,708</u>	<u>\$ 474,995</u>

**CITY OF AURORA, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 332,600	\$ 332,600	\$ 339,296	\$ 6,696
Miscellaneous	500	500	-	(500)
Interest earnings	3,000	3,000	8,253	5,253
<i>Total Revenues</i>	336,100	336,100	347,549	11,449
<b>EXPENDITURES</b>				
Personal services	125,580	125,580	105,008	20,572
Materials and services	206,700	206,700	135,741	70,959
Capital outlay	61,000	61,000	34,706	26,294
Contingency	244,820	244,820	-	244,820
<i>Total Expenditures</i>	638,100	638,100	275,455	362,645
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(302,000)	(302,000)	72,094	374,094
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(20,000)	(20,000)	(20,000)	-
<b>CHANGE IN FUND BALANCE</b>	(322,000)	(322,000)	52,094	374,094
<b>FUND BALANCE, beginning of year</b>	322,000	322,000	318,016	(3,984)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 370,110	\$ 370,110

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER RESERVE FUND**

**YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Interest earnings	\$ 500	\$ 500	\$ 1,254	\$ 754
<b>EXPENDITURES</b>				
Capital outlay	58,500	58,500	56,812	1,688
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(58,000)	(58,000)	(55,558)	2,442
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
<b>CHANGE IN FUND BALANCE</b>	(38,000)	(38,000)	(35,558)	2,442
<b>FUND BALANCE, beginning of year</b>	38,000	38,000	49,309	11,309
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 13,751	\$ 13,751



**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND**

**YEAR ENDED JUNE 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and permits	\$ 8,128	\$ 8,128	\$ 4,064	\$ (4,064)
Interest earnings	600	600	1,493	893
<i>Total Revenues</i>	8,728	8,728	5,557	(3,171)
<b>EXPENDITURES</b>				
Capital outlay	67,469	67,469	-	67,469
<b>CHANGE IN FUND BALANCE</b>	(58,741)	(58,741)	5,557	64,298
<b>FUND BALANCE, beginning of year</b>	58,741	58,741	56,869	(1,872)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 62,426	\$ 62,426

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL OBLIGATION WASTEWATER BOND FUND**

**YEAR ENDED JUNE 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes and assessments	\$ 341,775	\$ 341,775	\$ 355,358	\$ 13,583
Interest earnings	2,200	2,200	5,177	2,977
<i>Total Revenues</i>	343,975	343,975	360,535	16,560
<b>EXPENDITURES</b>				
Debt service				
Principal	270,000	270,000	270,000	-
Interest	79,975	79,975	79,975	-
<i>Total Expenditures</i>	349,975	349,975	349,975	-
<b>CHANGE IN FUND BALANCE</b>	(6,000)	(6,000)	10,560	16,560
<b>FUND BALANCE, beginning of year</b>	16,000	16,000	18,148	2,148
<b>FUND BALANCE, end of year</b>	\$ 10,000	\$ 10,000	\$ 28,708	\$ 18,708

***COMPLIANCE SECTION***



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Honorable Mayor and Council Members  
City of Aurora  
21420 Main Street NE  
Aurora, Oregon 97002

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Aurora, Oregon as of and for the year ended June 30, 2019, and have issued our report thereon dated December 18, 2019.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.


***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

***Restriction on Use***

This report is intended solely for the information and use of the City Council and management of the City of Aurora, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Devan W. Esch, A Shareholder  
December 18, 2019