

CITY OF AURORA, MISSOURI

BASIC FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTARY DATA
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Aurora, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, Missouri, as of and for the year ended December 31, 2018, 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 accounting principles generally accepted in the United States of America; this includes 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 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 entity'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 entity'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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Governmental Fund-General	Unmodified
Governmental Fund-Transportation	Unmodified
Governmental Fund-Community Hospital	Unmodified
Governmental Fund-Capital Project	Unmodified
Governmental Fund-Park	Unmodified
Aggregate Remaining Fund Information	Unmodified
Enterprise Fund-Sewer	Unmodified

Basis for Qualified Opinion on Governmental Activities

As explained in Note I, the City has excluded capital assets leased to an outside party from the financial statements, which, in our opinion, is not in accordance with accounting principles generally accepted in the United States of America. The effects on the financial statements, as discussed in Note J, are not readily determinable.

Qualified Opinion

In our opinion, except for the effects of the omission of leased capital assets from the financial statements as discussed in Note J, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of Aurora, Missouri, as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, Missouri, as of December 31, 2018, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing

the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. The other supplementary information as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplementary information 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. Such 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Decker & DeGood
Springfield, Missouri
March 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Aurora, Missouri we offer readers of the City of Aurora's financial statements this narrative overview and analysis of the financial activities of the City of Aurora for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

Financial Highlights

- On a government-wide basis, the assets and deferred outflows of resources of the City of Aurora exceeded its liabilities and deferred inflows of resources for the most recent fiscal year by \$ 23,184,691. The City of Aurora has unrestricted net position totaling \$ 8,317,705, which can be used to fund the City of Aurora's functions/programs.
- As of December 31, 2018, governmental activities and business-type activities had net positions of \$ 15,833,396 and \$ 7,351,295, respectively.
- At the end of the current fiscal year, the City of Aurora's governmental funds reported combined ending fund balances of \$ 5,565,120, an increase of \$ 211,027 in comparison with the prior year. Approximately 33.0% or \$ 1,836,994 is available for discretionary spending by the City of Aurora. The remaining fund balance is either restricted by outside parties or not in spendable form.
- The unassigned fund balance for the General Fund, \$ 1,836,994, is 65.0% of total General Fund expenditures, and is an increase in comparison with the prior year unassigned fund balance.
- The City of Aurora's long-term debt obligations decreased by \$ 510,405, or 20.2% as compared to fiscal year 2017.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City of Aurora's basic financial statements. The City of Aurora's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 of Aurora's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Aurora's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an useful indicator of whether the financial position of the City of Aurora is improving or deteriorating.

The *statement of activities* presents information showing how the City of Aurora's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Aurora that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Aurora include general government, public safety, transportation, sanitation, culture and recreation. The business-type activities include the Waterworks, Wastewater, and Electric systems.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements. 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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Aurora can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Aurora maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and street fund which are considered to be major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Aurora adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds. The City of Aurora maintains three different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Aurora uses enterprises funds to account for its Waterworks, Wastewater, and Electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks, Wastewater, and Electric, which are considered to be major funds of the City of Aurora.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-51 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Aurora progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 52-55 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 56-57 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time is a useful indicator of a government's financial position. In the case of the City of Aurora, assets and deferred outflows exceeded liabilities and deferred inflows by \$ 23,184,691 at the close of the most recent fiscal year.

City of Aurora's Net Position

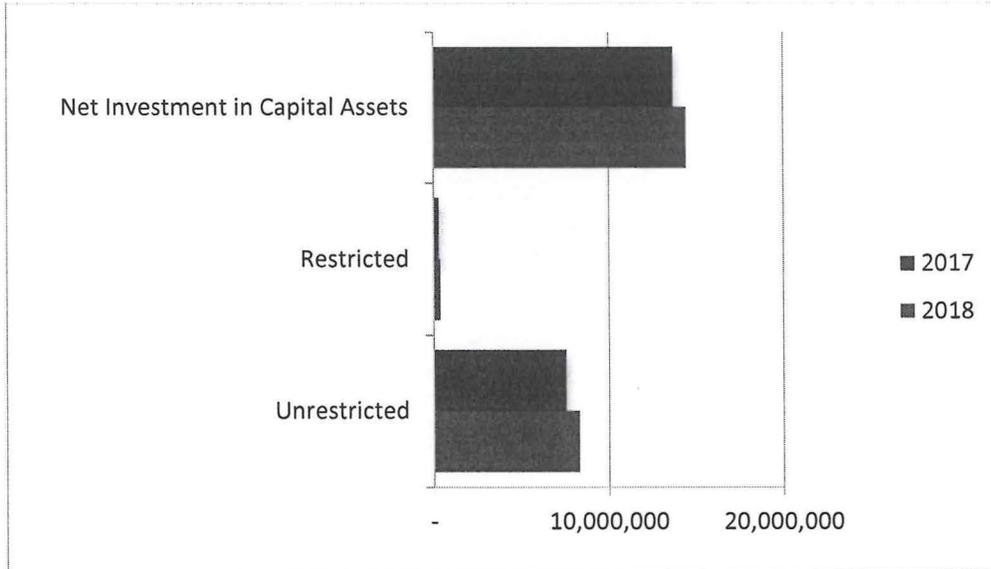
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current Assets and other assets	\$ 7,175,725	\$ 6,433,257	\$ 2,298,911	\$ 1,713,580	\$ 9,474,636	\$ 8,146,837
Capital Assets	11,014,570	10,799,498	5,993,521	5,922,344	17,008,091	16,721,842
Total Assets	18,190,295	17,232,755	8,292,432	7,635,924	26,482,727	24,868,679
Deferred Outflows of Resources						
Deferred pension related	173,240	313,125	23,640	38,674	196,880	351,799
Total Deferred Outflows	173,240	313,125	23,640	38,674	196,880	351,799
Current Liabilities	846,100	694,629	254,126	221,020	1,100,226	915,649
Long-term Debt	1,335,528	1,661,940	678,167	862,160	2,013,695	2,524,100
Total Liabilities	2,181,628	2,356,569	932,293	1,083,180	3,113,921	3,439,749
Deferred Inflows						
Deferred pension related	348,512	189,512	32,484	11,493	380,996	201,005
Total Deferred Inflows	348,512	189,512	32,484	11,493	380,996	201,005
Net Position:						
Invested in						
capital assets-net	9,272,630	8,766,837	5,203,521	4,947,344	14,476,151	13,714,181
Restricted	-	-	390,835	296,651	390,835	296,651
Unrestricted	6,560,766	6,232,962	1,756,939	1,335,930	8,317,705	7,568,892
Total net position	\$ 15,833,396	\$ 14,999,799	\$ 7,351,295	\$ 6,579,925	\$ 23,184,691	\$ 21,579,724

By far, the largest portion of the City of Aurora's net position (73.36%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Aurora uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Aurora's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Aurora's net position (1.69%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 8,317,705 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Aurora is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Aurora, Net Position
December 31, 2018 and 2017



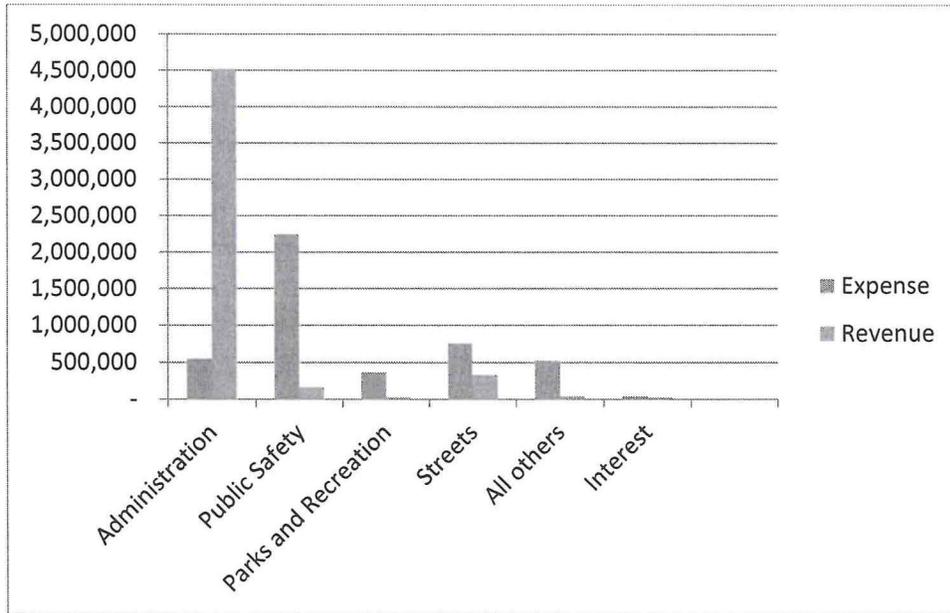
However, the City of Aurora's overall net position increased \$ 1,604,967 from the prior year fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. Governmental activities increased the City of Aurora's net position by \$ 833,597, thereby accounting for 5.6% of the total growth in the net position of the City of Aurora. Compared to last year's growth for Governmental activities, this was an increase of \$ 134,682.

City of Aurora's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 241,965	\$ 277,475	\$ 1,617,895	\$ 1,446,826	\$ 1,859,860	\$ 1,724,301
Operating grants and contributions	357,735	359,937	-	-	357,735	359,937
Capital grants and contributions	1,934	207,641	-	-	1,934	207,641
General Revenues:						
Taxes	4,239,122	4,023,634	-	-	4,239,122	4,023,634
Investment earnings	22,740	17,603	-	-	22,740	17,603
Other	238,892	405,533	-	-	238,892	405,533
Total Revenues	<u>5,102,388</u>	<u>5,291,823</u>	<u>1,617,895</u>	<u>1,446,826</u>	<u>6,720,283</u>	<u>6,738,649</u>
Expenses:						
Administration	547,412	530,416	-	-	547,412	530,416
Public Safety	2,238,665	2,258,657	-	-	2,238,665	2,258,657
Building inspection	218,121	298,379	-	-	218,121	298,379
Storm water	2,627	193	-	-	2,627	193
Finance and economic dev.	208,701	338,626	-	-	208,701	338,626
Cemetery	90,486	114,172	-	-	90,486	114,172
Parks and recreation	363,174	322,456	-	-	363,174	322,456
Streets and airport	751,185	765,703	-	-	751,185	765,703
Interest	36,058	41,306	-	-	36,058	41,306
Wastewater	-	-	782,753	807,279	782,753	807,279
Total Expenses	<u>4,456,429</u>	<u>4,669,908</u>	<u>782,753</u>	<u>807,279</u>	<u>5,239,182</u>	<u>5,477,187</u>
Other sources and (uses)						
Transfers	<u>77,000</u>	<u>77,000</u>	<u>(77,000)</u>	<u>(77,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	722,959	698,915	758,142	562,547	1,481,101	1,261,462
Net Position, beginning	<u>15,110,437</u>	<u>14,411,522</u>	<u>6,593,153</u>	<u>6,030,606</u>	<u>21,703,590</u>	<u>20,442,128</u>
Net Position, ending	<u>\$ 15,833,396</u>	<u>\$ 15,110,437</u>	<u>\$ 7,351,295</u>	<u>\$ 6,593,153</u>	<u>\$ 23,184,691</u>	<u>\$ 21,703,590</u>

Expenses and Program Revenues -Governmental Activities



Business-type activities. Business-type activities increased the City of Aurora’s net position by \$ 758,142 thereby accounting for 51.2% of the total growth in the net position of the City of Aurora. This was an increase of \$ 195,595 over the prior year. Continued incremental rate increases in Wastewater Funds totaling current year of \$ 171,069 have offset rises in expense of \$ 63,245

Financial Analysis of the City of Aurora's Funds

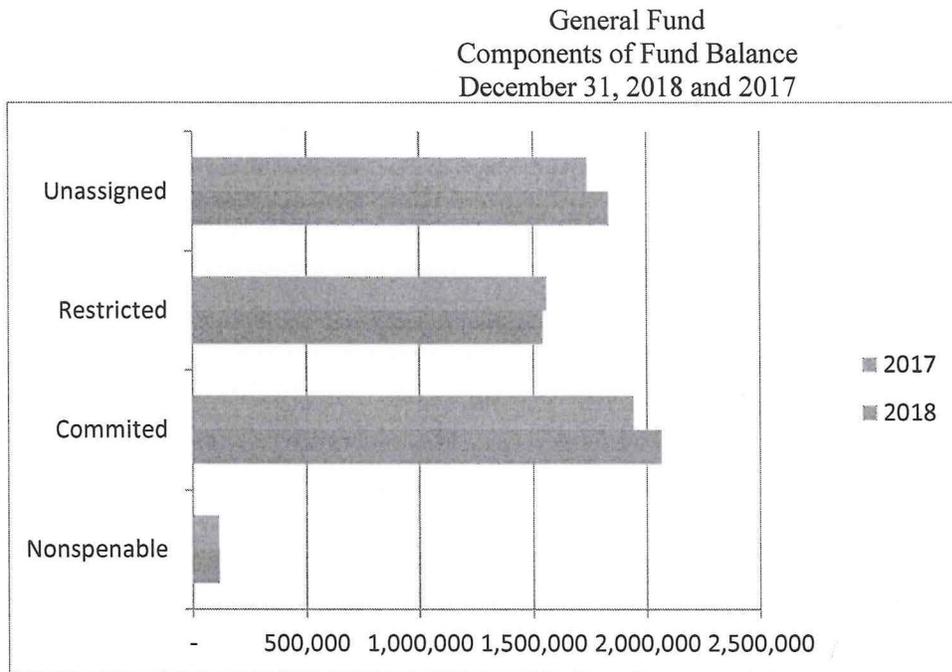
As noted earlier, the City of Aurora uses fund accounting to demonstrate compliance with legal or finance-related requirements.

Governmental Funds

The focus of the City of Aurora's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include prepaid items and inventory. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for specific purposes such as streets and parks.

Committed fund balance includes amounts that have been set aside by the City of Aurora Council for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside by the City of Aurora Council for a specific purpose, but subsequent to the end of the fiscal year. Unassigned fund balance includes all remaining amounts.



As of the end of the current fiscal year, the City of Aurora's governmental funds reported a combined ending fund balance of \$ 5,565,120 with an increase of \$ 211,027 compared to the prior fiscal year. Of the total balance, \$ 2,067,540 is Committed, \$ 114,969 in Non-spendable, \$ 1,545,617 is restricted, and \$ 1,836,994 is unassigned.

The General Fund is the chief operating fund of the City of Aurora. At the end of the current fiscal year, the General Fund reported a fund balance of \$ 1,914,336 of which the increase of \$ 98,523 was most represented by an increase in use tax collections for the current year.

Fund balance of the Street Fund increased \$ 165,430, which was due to a decrease on capital improvements for the year.

The Park/Storm Water Fund was a major fund for the current year and showed a decrease of \$ 124,606, which was due to an increase in capital improvement projects of \$ 113,257.

The Community Hospital Fund decreased \$ 94,009, which was due to prior year sale of houses on the property, which brought in \$ 53,929 and expenditures for administration increased \$ 45,216.

The final major fund is the Capital Project Fund that decreased \$ 300,516. That was accounted for by the capital improvement projects totaling \$ 200,631, use tax not being allocated but all going to the General Fund of \$ 32,722, and finally prior year had an insurance claim that totaled \$ 90,000.

Proprietary Funds

The City of Aurora’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the City of Aurora’s major proprietary fund totaled \$ 7,351,295 and had increase of \$ 758,142 which was detailed on page 9.

GENERAL FUND BUDGETARY HIGHLIGHTS

No revisions were made to the funds as listed and all funds were within the authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,298,631	\$ 2,298,631	\$ -	\$ -	\$ 2,298,631	\$ 2,298,631
Plant & Buildings	3,932,930	4,069,968	5,728,861	5,829,244	9,661,791	9,899,212
Infrastructure	3,088,524	3,099,431	-	-	3,088,524	3,099,431
Equipment	1,072,126	963,227	15,216	26,650	1,087,342	989,877
Vehicles	423,621	368,242	39,108	39,108	462,729	407,350
Construction- In-Progress	198,738	-	210,336	27,343	409,074	27,343
	<u>\$ 11,014,570</u>	<u>\$ 10,799,499</u>	<u>\$ 5,993,521</u>	<u>\$ 5,922,345</u>	<u>\$ 17,008,091</u>	<u>\$ 16,721,844</u>

Additional information on the City of Aurora’s capital assets can be found in Note D of the notes to the financial statements of this report.

Debt

At year-end, the City of Aurora had \$ 11,834,024 in outstanding notes as compared to the prior year of \$ 13,742,561.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue Bonds	\$ -	\$ -	\$ 790,000	\$ 975,000	\$ 790,000	\$ 975,000
Lease Obligations	1,741,940	2,112,661	-	-	1,741,940	2,112,661
TOTALS	<u>\$ 1,741,940</u>	<u>\$ 2,112,661</u>	<u>\$ 790,000</u>	<u>\$ 975,000</u>	<u>\$ 2,531,940</u>	<u>\$ 3,087,661</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for 2019 has anticipated the revenue will remain consistent to the prior year it also contains the necessary finances to continue the many programs and services for the citizens of Aurora. It looks forward to an improving national economy in anticipation of improvements of revenue for the City.

CONTACTING THE CITY OF AURORA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City of Aurora's finances and to show the City of Aurora's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 2 West Pleasant St., Aurora, Missouri

Devin Fisher
City Clerk/Human Resources

CITY OF AURORA, MISSOURI

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 4,933,812	\$ 1,678,099	\$ 6,611,911
Restricted assets-cash and cash equivalents	108,321	390,835	499,156
Accounts receivable (net of allowance for uncollectibles)	793,872	118,309	912,181
Prepays	114,969	15,324	130,293
Net pension assets	1,224,751	96,344	1,321,095
Capital assets:			
Land	2,298,631	-	2,298,631
Construction in progress	198,738	210,336	409,074
Other capital assets, net of accumulated depreciation	8,517,201	5,783,185	14,300,386
	<u>18,190,295</u>	<u>8,292,432</u>	<u>26,482,727</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	<u>173,240</u>	<u>23,640</u>	<u>196,880</u>
LIABILITIES			
Accounts payable	123,680	51,938	175,618
Accrued wages	80,355	7,403	87,758
Accrued payroll taxes and benefits	25,760	2,236	27,996
Accrued interest	7,814	-	7,814
Taxes under protest	108,321	-	108,321
Other liabilities	20,067	-	20,067
Due and payable within one year	480,102	192,549	672,651
Due and payable in more than one year:			
Revenue bonds	-	600,000	600,000
Capital leases	53,828	-	53,828
Certificates of participation	1,281,700	-	1,281,700
Meter deposits	-	78,167	78,167
	<u>2,181,627</u>	<u>932,293</u>	<u>3,113,920</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	<u>348,512</u>	<u>32,484</u>	<u>380,996</u>
NET POSITION			
Net investment in capital assets	9,272,630	5,433,808	14,706,438
Restricted for:			
Debt service	-	311,970	311,970
Construction	-	78,865	78,865
Unrestricted	6,560,766	1,526,652	8,087,418
	<u>\$ 15,833,396</u>	<u>\$ 7,351,295</u>	<u>\$ 23,184,691</u>

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 547,412	\$ 37,376	\$ 3,000	\$ -	\$ (507,036)	\$ -	\$ (507,036)
Police and court	1,464,369	115,544	48,261	-	(1,300,564)	-	(1,300,564)
Fire	520,674	-	1,120	-	(519,554)	-	(519,554)
E-911	253,622	-	-	-	(253,622)	-	(253,622)
Streets	680,255	19,372	302,305	-	(358,578)	-	(358,578)
Airport	70,930	1,412	3,049	1,934	(64,535)	-	(64,535)
Parks	363,174	27,411	-	-	(335,763)	-	(335,763)
Cemetery care	90,486	40,850	-	-	(49,636)	-	(49,636)
Finance and economic development	208,701	-	-	-	(208,701)	-	(208,701)
Code enforcement	218,121	-	-	-	(218,121)	-	(218,121)
Storm water control	2,627	-	-	-	(2,627)	-	(2,627)
Interest on long-term debt	36,058	-	-	-	(36,058)	-	(36,058)
Total governmental activities	4,456,429	241,965	357,735	1,934	(3,854,795)	-	(3,854,795)
Business-type activities:							
Sewer	782,753	1,617,895	-	-	-	835,142	835,142
Total business-type activities	782,753	1,617,895	-	-	-	835,142	835,142
Total Government	\$ 5,239,182	\$ 1,859,860	\$ 357,735	\$ 1,934	(3,854,795)	835,142	(3,019,653)

General Revenues

Taxes:

Property taxes levied for general purposes	283,084	-	283,084
Property taxes levied for parks	21	-	21
Franchise taxes	868,644	-	868,644
Sales taxes	2,896,674	-	2,896,674
Use taxes	190,699	-	190,699
Building rent	200,100	-	200,100
Interest on investments	22,740	-	22,740
Insurance claims	1,088	-	1,088
Miscellaneous	37,704	-	37,704
Transfers	77,000	(77,000)	-
Total general revenues and transfers	4,577,754	(77,000)	4,500,754
Change in net position	722,959	758,142	1,481,101
Net position beginning	15,110,437	6,593,153	21,703,590
Net position ending	\$ 15,833,396	\$ 7,351,295	\$ 23,184,691

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI

BALANCE SHEET-
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Transportation Fund	Park/ Stormwater Fund	Community Hospital Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and cash equivalents	\$ 1,612,198	\$ 647,531	\$ 458,027	\$ 1,867,440	\$ 345,048	\$ 3,568	\$ 4,933,812
Restricted assets:							
Cash and cash equivalents	108,321	-	-	-	-	-	108,321
Accounts receivable							
Property taxes	233,183	-	-	-	-	-	233,183
Sales taxes	113,259	49,956	49,956	-	49,956	-	263,127
Franchise taxes	71,264	-	-	-	-	-	71,264
Motor fuel taxes	-	23,884	-	-	-	-	23,884
Grants	-	1,934	-	-	-	-	1,934
Other	327	-	-	200,100	-	53	200,480
Prepaid items	77,332	22,434	8,142	-	7,061	-	114,969
 Total Assets	 <u>\$ 2,215,884</u>	 <u>\$ 745,739</u>	 <u>\$ 516,125</u>	 <u>\$ 2,067,540</u>	 <u>\$ 402,065</u>	 <u>\$ 3,621</u>	 <u>\$ 5,950,974</u>
 <u>LIABILITIES</u>							
Liabilities-							
Accounts payable	\$ 60,438	\$ 23,939	\$ 24,644	\$ -	\$ 14,660	\$ -	\$ 123,681
Accrued wages	66,870	10,343	2,812	-	330	-	80,355
Accrued payroll taxes and benefits	18,204	7,408	148	-	-	-	25,760
Taxes paid under protest	108,321	-	-	-	-	-	108,321
Other liabilities	20,045	-	-	-	-	22	20,067
 Total Liabilities	 <u>273,878</u>	 <u>41,690</u>	 <u>27,604</u>	 <u>-</u>	 <u>14,990</u>	 <u>22</u>	 <u>358,184</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable property tax revenue	27,670	-	-	-	-	-	27,670
 <u>FUND BALANCES</u>							
Nonspendable	77,332	22,434	8,142	-	7,061	-	114,969
Committed	-	-	-	2,067,540	-	-	2,067,540
Restricted:							
Transportation	-	681,615	-	-	-	-	681,615
Public Safety	-	-	-	-	380,014	-	380,014
Economic Development	-	-	-	-	-	3,541	3,541
Parks	-	-	-	-	-	58	58
Parks/Storm Water Control	-	-	480,379	-	-	-	480,379
Assigned-Cemetery	10	-	-	-	-	-	10
Unassigned	1,836,994	-	-	-	-	-	1,836,994
 Total Fund Balances	 <u>1,914,336</u>	 <u>704,049</u>	 <u>488,521</u>	 <u>2,067,540</u>	 <u>387,075</u>	 <u>3,599</u>	 <u>5,565,120</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 2,215,884</u>	 <u>\$ 745,739</u>	 <u>\$ 516,125</u>	 <u>\$ 2,067,540</u>	 <u>\$ 402,065</u>	 <u>\$ 3,621</u>	 <u>\$ 5,950,974</u>

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
RECONCILIATION OF BALANCE SHEET TO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total Fund Balances-Governmental Funds	\$	5,565,120
<p>Capital assets, net of accumulated depreciation, are used in governmental activities not financial resources and, therefore, are not reported as assets in the governmental funds.</p>		
Non-depreciable assets		2,497,369
Depreciable assets		<u>8,517,201</u>
		11,014,570
<p>Revenue that is unavailable in the funds financial statement but is recognized as revenue in the government-wide financial statements.</p>		
		27,670
<p>Interest on long-term debt is accrued as a liability in the government-wide statements but is not recognized in the government funds until due.</p>		
<p>Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:</p>		
Net pension assets		1,224,751
Deferred outflows - pension related		173,240
Deferred inflows - pension related		(348,512)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:</p>		
Compensated absences		(73,689)
Accrued interest		(7,814)
Long term debt		<u>(1,741,940)</u>
Net position of governmental activities	\$	<u><u>15,833,396</u></u>

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES	General Fund	Transportation Fund	Park/ Stormwater Fund	Community Hospital Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Taxes:							
Property taxes	\$ 282,996	\$ -	\$ -	\$ -	\$ -	\$ 261	\$ 283,257
Franchise taxes	868,644	-	-	-	-	-	868,644
Sales taxes	1,188,202	569,370	569,221	-	569,369	-	2,896,162
Use tax	192,123	-	-	-	-	-	192,123
Intergovernmental:							
Missouri motor fuel taxes	-	302,305	-	-	-	-	302,305
Cost reimbursement Marionville	7,138	-	-	-	-	-	7,138
Institutional tax	35,793	-	-	-	-	-	35,793
Licenses & permits	36,142	-	-	-	-	-	36,142
Fines & forfeitures	85,687	-	-	-	-	-	85,687
User charges:							
Park activities	36,672	-	27,411	-	-	-	64,083
Cemetery-sale of plots	40,850	-	-	-	-	-	40,850
Interest	-	-	-	22,739	-	-	22,739
Other:							
Building lease	-	-	-	200,100	1,200	-	201,300
Donations	4,600	-	-	-	-	-	4,600
Insurance claims	1,088	4,963	-	-	-	-	6,051
Grants	4,850	-	-	-	-	-	4,850
Sale of assets	-	-	-	-	-	-	-
Miscellaneous	33,285	17,826	602	-	-	-	51,713
Total Revenues	2,818,070	894,464	597,234	222,839	570,569	261	5,103,437
EXPENDITURES							
Current:							
General government	326,003	-	-	98,891	924	-	425,818
Police and court	1,162,082	-	-	-	168,325	-	1,330,407
Fire	463,364	-	-	-	19,562	-	482,926
E-911	249,783	-	-	-	-	-	249,783
Streets	-	553,499	-	-	-	-	553,499
Airport	-	14,155	-	-	-	-	14,155
Parks	-	-	264,518	-	-	346	264,864
Cemetery care	86,835	-	-	-	-	-	86,835
Finance and economic development	207,868	-	-	-	-	-	207,868
Code enforcement	218,075	-	-	-	-	-	218,075
Storm water control	-	-	817	-	-	-	817
UDAG	-	-	-	-	-	1,829	1,829
Capital outlay	66,936	155,064	304,910	-	200,631	-	727,541
Debt service:							
Principal	43,213	-	-	-	327,508	-	370,721
Interest	3,159	-	-	-	34,113	-	37,272
Total Expenditures	2,827,318	722,718	570,245	98,891	751,063	2,175	4,972,410
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(9,248)	171,746	26,989	123,948	(180,494)	(1,914)	131,027
OTHER FINANCING SOURCES (USES)							
Transfers In	28,000	-	-	-	-	-	28,000
Transfers (Out)	-	(28,000)	-	-	-	-	(28,000)
Loan proceeds	80,000	-	-	-	-	-	80,000
NET CHANGE IN FUND BALANCES	98,752	143,746	26,989	123,948	(180,494)	(1,914)	211,027
FUND BALANCES - BEGINNING (RESTATED)	1,815,584	560,303	461,532	1,943,592	567,569	5,513	5,354,093
FUND BALANCES - ENDING	\$ 1,914,336	\$ 704,049	\$ 488,521	\$ 2,067,540	\$ 387,075	\$ 3,599	\$ 5,565,120

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
 RECONCILIATION OF STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES -
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances--total governmental funds	\$	211,027
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets		727,541
Less current year depreciation expense		(512,470)
<p>Some expenses reported in statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in pension expense		4,839
<p>Decrease in bond interest payable reported in the statement of activities is not a source of current financial resources and, therefore, is not reported as revenue in the governmental funds.</p>		
		1,213
<p>Real property taxes in the statement of activities includes all billed amounts which differ from the current financial resource measurement of the governmental funds. This is the net difference of both measurement focuses.</p>		
		88
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the same statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal repayments		370,721
New loan proceeds		(80,000)
		88
Change in net position of governmental activities	\$	722,959

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI

STATEMENT OF NET POSITION -

PROPRIETARY FUND (SEWER)

DECEMBER 31, 2018

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,678,099
Accounts receivable (net of allowance for uncollectibles)	
Utilities	118,309
Prepaid items	15,324
Total Current Assets	<u>1,811,732</u>
Restricted Assets:	
Cash and cash equivalents	<u>390,835</u>
Total Restricted Assets	<u>390,835</u>
Noncurrent Assets:	
Net pension assets	96,344
Capital Assets:	
Construction in progress	210,336
Other capital assets, net of accumulated depreciation	<u>5,783,185</u>
Total Noncurrent Assets	<u>6,089,865</u>
TOTAL ASSETS	<u>8,292,432</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred amounts related to pensions	<u>23,640</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	51,938
Accrued wages	7,403
Accrued payroll taxes and benefits	2,236
Compensated absences	2,549
Current portion of long-term debt	190,000
Total Current Liabilities	<u>254,126</u>
Noncurrent Liabilities:	
Revenue bonds	600,000
Meter deposits	78,167
Total Noncurrent Liabilities	<u>678,167</u>
Total Liabilities	<u>932,293</u>
DEFERRED INFLOW OF RESOURCES	
Deferred amounts related to pensions	<u>32,484</u>
NET POSITION	
Net investment in capital assets	5,433,808
Restricted-	
Depreciation and replacement	311,970
Construction	78,865
Unrestricted	<u>1,526,652</u>
Total Net Position	<u>\$ 7,351,295</u>

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUND (SEWER)
FOR THE YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUES:	
Charges for services	<u>\$ 1,617,895</u>
OPERATING EXPENSES:	
Chemicals	13,038
Collection system	4,897
Computer software and expenses	3,712
Depreciation	227,810
Dues and training	2,216
Empire water reconnect	5,159
Employee benefits	35,513
Fuel	13,149
Insurance	29,590
Miscellaneous	10,330
Office supplies and postage	14,124
Payroll taxes	12,397
Permits, licenses and fees	4,777
Professional fees	41,537
Repairs & maintenance	67,343
Retirement expense	19,964
Salaries	165,171
Supplies	4,514
Telephone	4,751
Uniforms	3,016
Utilities	80,073
Total Operating Expenses	<u>763,081</u>
OPERATING INCOME	<u>854,814</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest earned on SRF accounts	32,800
Interest expense and agents fee	(52,472)
Total Non-operating Revenues (Expenses)	<u>(19,672)</u>
TRANSFERS	
Transfer (out)	(77,000)
Total transfers	<u>(77,000)</u>
CHANGE IN NET POSITION	758,142
TOTAL NET POSITION - BEGINNING (RESTATED)	<u>6,593,153</u>
TOTAL NET POSITION - ENDING	<u>\$ 7,351,295</u>

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (SEWER)
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 1,625,318
Payments to suppliers	(276,399)
Payments to employees	<u>(226,846)</u>
Net Cash Provided by Operating Activities	<u>1,122,073</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer for operating reimbursements	<u>(77,000)</u>
Net Cash (Used for) Noncapital financing activities	<u>(77,000)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital expenditure	(298,987)
Principal paid	(185,000)
Interest paid	<u>(19,672)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(503,659)</u>
NET CASH INCREASE FOR THE YEAR	541,414
CASH AT BEGINNING OF YEAR	<u>1,527,520</u>
CASH AT END OF YEAR	<u><u>\$ 2,068,934</u></u>
 CASH SUMMARY	
Cash and cash equivalents	\$ 1,678,099
Restricted assets-cash and cash equivalents	<u>390,835</u>
Total	<u><u>\$ 2,068,934</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	\$ 854,814
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation expense	227,810
(Increase) in prepaid items	(2,097)
Decrease in accounts receivable	1,416
Increase in accounts payable	26,954
Increase in accrued wages, taxes, and benefits	7,169
Increase in sewer deposits	<u>6,007</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,122,073</u></u>

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Aurora (the City) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (U.S. GAAP). The following summary of the more significant policies of the City is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

THE REPORTING ENTITY

Entity status for financial reporting purposes is governed by Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for the establishment of GAAP in governmental entities. The financial statements of the City present the financial activities of the City and any component units. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund but distinguish between the City's governmental activities and business-type activities. Governmental activities, which normally are 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements. Separate financial statements are provided for governmental funds and proprietary funds. Separate columns are presented for each major governmental fund and for each major enterprise fund. Non-major funds are aggregated and presented in a single column labeled "Nonmajor Governmental Funds."

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types: Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The following are the City's major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Transportation Fund

This fund was established to account for the proceeds of transportation sales taxes, Missouri motor fuel taxes and other revenues for streets that are legally restricted to expenditures for the purpose of street and airport improvements and repairs and maintenance.

Park/Storm Water Fund

This fund was established to account for the proceeds of one-half cent park/storm water sales tax revenue that is legally restricted to expenditures for the purpose of park and storm water projects.

Community Hospital Fund

The Aurora Community Hospital Board funds are restricted to use for the Hospital and are controlled by an agreement between the Aurora Community Hospital Board and Mercy Health System.

Capital Project Fund

This fund was established to account for capital improvement sales tax used for the purpose of paying the debt proceeds for the construction of the combined police and fire station and operation expenditures of those departments.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types: Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector. The following are the City's major proprietary funds:

Sewer Fund

The Sewer Fund (an enterprise fund) is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the government reports the following fund types:

UDAG Fund

This fund was established to account for the proceeds of grant moneys that are restricted to expenditures for the purpose of improvements to the Downtown Aurora area in the form of façade improvement loans, streetscape and low interest programs for business owners.

Park Fund

This fund was established to account for the proceeds of property tax revenue that is legally restricted to expenditures for the purpose of park and recreation activities.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fixed period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation, the principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. 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.

ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows

For the purpose of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are stated at fair value.

Restricted Assets

The City elects to use restricted assets before unrestricted assets when the situation arises where either can be used. Certain assets are classified as restricted assets because their use is limited by applicable debt or other agreement.

Due to and due from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Accounts receivable

Accounts receivable utilities are stated at net with an allowance for doubtful accounts of \$ 6,227. All other receivables were collected in the following 30 days therefore, no allowance provided.

Inventories

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased.

Capital Assets and Depreciation

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$ 1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The City has elected not to go back 20 years and record estimated cost of streets less depreciation but began in 2004 recording capital outlay of street projects and depreciate over twenty to forty years.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation - continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2018, the City did not capitalize any interest and interest expense for the Sewer Fund was \$ 52,472 less interest earned by SRF accounts applied to bring the net cost down to \$ 19,672 by the City of Aurora.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable capital assets are as follows:

Utility plants	20 to 50 years
Buildings	40 years
Infrastructure	20 to 40 years
Furniture and equipment	5 to 10 years
Vehicles	5 to 10 years

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the City has one items that meet the definition of deferred outflows of resources which is pension related.

Deferred Inflows of Resources/Unavailable Revenue

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. In the Governmental Funds the item reported as a deferred inflow of resources arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

For the Governmental Activities deferred inflows represents amount related pensions.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Obligation for Bond Arbitrage

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the City must rebate to the United State Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five year anniversary of the respective debt issue. As of December 31, 2018 the City had no outstanding arbitrage rebate liability.

Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. A liability for this amount is reported in the Governmental Activities and proprietary fund (Sewer Fund).

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are report at fair value.

Long-term Debt

In the governmental-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances-Governmental Funds

As of December 31, 2018, fund balances of the governmental funds are classified as follows:

Non-spendable - This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - This classification includes amounts that can be used only for specific purposes determined by a formal action by the City Council. Such formal action may be in the form of an ordinance and may only be modified or rescinded by a subsequent formal action.

Assigned - This classification includes amounts that are intended by the City to be used for a specific purpose but are neither restricted nor committed. Assignments may be made only by the government body or official.

Unassigned - This classification includes all amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assigned actions.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors,

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - continued

grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Levy for 2018 was \$.3671 for the General Fund only with a valuation base of \$ 64,177,504.

Sales Taxes

The City has four sales tax authorizations, a one cent City general sales tax, ½ cent transportation tax, ½ cent capital improvement sales tax and a ½ cent park/storm water sales tax.

Use Tax

The City enacted in 2009 to charge use tax on purchases from out of state made inside the City.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures and changes in fund balance-budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - continued

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) for all governmental funds.

Excess of expenditures over appropriations

For the year ended December 31, 2018, expenditures did not exceed appropriations in all funds.

Bond Reserve Compliance

The City was in compliance with bond reserve requirements for the 2001C Series bond.

Debt restrictions

General obligation debt

Article VI, Sections 26 (b) and (c), Constitution of Missouri, limits the outstanding amount of authorized general obligation debt of a City to 10 percent of the assessed valuation of taxable tangible property as shown by the last completed assessment for state or county purposes. Authorization for debt issuance requires four-sevenths at the general municipal election day, primary or general elections and two-thirds at all other elections, vote of the qualified electors thereof. As of December 31, 2018, the City had no outstanding General Obligation Bonds.

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment account for each fund. Each fund account is displayed on the combined balance sheet as either “cash, investments, board designated investments, or bank overdrafts”. In addition, investments are separately held by several of the City’s funds. Deposits and investments are stated at cost, which approximates market.

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City’s bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City’s cash not insured by the Federal Deposit Insurance Corporation.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2018, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's written investment policy covering credit risk states that the City will pre-qualify financial institutions that the City will do business with and diversify its portfolio to minimize potential losses.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's written investment policy manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment to meet cash requirements for ongoing operations and to invest primarily in shorter-term markets.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's written investment policy is to have all deposits placed in institutions that cover the City's accounts with federal deposit insurance or collateralized with securities, in the City's name. Evidence of pledged collateral is maintained by the City and reviewed regularly to assure that the market value of the pledged securities is adequate.

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City's written investment policy on custodial credit risk limits this risk by contracting with a third-party custodian for securities. However, all of the City's investments are either insured or registered in the City's name and held by the City's agent.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE C – RESTRICTED CASH

Restricted cash consisted of the following as of December 31, 2018:

General Fund		
Taxes paid under protest	\$	108,321
		<u>108,321</u>
		<u>108,321</u>
Sewer Fund		
Reserve for Depreciation and Replacement	\$	230,287
Construction		78,865
Meter deposits		81,683
		<u>390,835</u>
	\$	<u>390,835</u>

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE D – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,298,631	\$ -	\$ -	\$ 2,298,631
Construction in progress	\$ -	\$ 198,738	\$ -	\$ 198,738
Capital assets being depreciated:				
Buildings	\$ 6,622,351	\$ -	\$ -	\$ 6,622,351
Infrastructure	3,700,432	151,931	-	3,852,363
Equipment	2,554,896	232,332	-	2,787,228
Vehicles	1,800,530	144,540	21,360	1,923,710
Total capital assets being depreciated	14,678,209	528,803	21,360	15,185,652
Less: Accumulated depreciation for:				
Buildings	2,552,383	137,038	-	2,689,421
Infrastructure	601,001	162,838	-	763,839
Equipment	1,591,669	123,433	-	1,715,102
Vehicles	1,432,288	89,161	21,360	1,500,089
Total accumulated depreciation	6,177,341	512,470	21,360	6,668,451
Capital assets being depreciated, net	\$ 8,500,868	\$ 16,333	\$ -	\$ 8,517,201
Governmental activities capital assets, net	\$ 10,799,499	\$ 215,071	\$ -	\$ 11,014,570

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions of the government as follows:

Governmental Activities:

General government	\$ 43,709
Police and courts	161,123
Fire	27,186
Streets and airport	180,960
Parks	97,467
Cemetery	2,025
	<u>\$ 512,470</u>

Business-type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 27,343	\$ 182,993	\$ -	\$ 210,336
Capital assets being depreciated:				
Plant	\$ 10,340,062	\$ 105,993	\$ -	\$ 10,446,055
Equipment	601,650	-	-	601,650
Vehicles	286,132	10,000	-	296,132
Total capital assets being depreciated	11,227,844	115,993	-	11,343,837
Less: Accumulated depreciation for:				
Plant	4,510,818	206,376	-	4,717,194
Equipment	575,000	21,434	-	596,434
Vehicles	247,024	-	-	247,024
	5,332,842	227,810	-	5,560,652
Capital assets being depreciated, net	\$ 5,895,002			\$ 5,783,185
Business-type activities capital assets, net	\$ 5,922,345			\$ 5,993,521

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE E – LONG-TERM DEBT

Business-type activities

The following is a summary of debt transactions of the City for the year ended December 31, 2018 as it relates to the business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue Bonds	\$ 975,000	\$ -	\$ 185,000	\$ 790,000	\$ 190,000
Compensated Absences	2,568	10,363	10,382	2,549	2,549
Total Business-Type	\$ 977,568	\$ 10,363	\$ 195,382	\$ 792,549	\$ 192,549
Due and payable within one year					
Revenue Bonds				\$ 190,000	
Compensated Absences				2,549	
Total due within one year				192,549	
Due and payable in more than one year					
Revenue bond				600,000	
				\$ 792,549	

The Proprietary Fund long-term debt as of December 31, 2018 follows:

\$3,000,000, 2001C Series Sewerage System Revenue	
Bonds due in monthly installments at 3.00% to 5.00% interest.	
Secured by net revenues of the Sewer Fund.	
Bond matures July 1, 2022.	\$ 790,000

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE E – LONG-TERM DEBT (Continued)

The annual requirements to amortize bonded debt as of December 31, 2018 follow:

Year Ending December 31,	Sewer Fund		
	Principal	Interest	Totals
2019	\$ 190,000	\$ 39,500	\$ 229,500
2020	195,000	30,000	225,000
2021	200,000	20,250	220,250
2022	205,000	10,250	215,250
	<u>\$ 790,000</u>	<u>\$ 100,000</u>	<u>\$ 890,000</u>

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE E – LONG-TERM DEBT (Continued)

GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

The following is a summary of capital lease transactions of the City for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Leases -					
1996 Spartan Aerial Ladder truck at 3.67% at a cost of \$ 230,200	\$ 62,172	\$ -	\$ 30,514	\$ 31,658	\$ 31,658
Cad server system at 3.955 % at a cost of \$ 130,788	55,084	-	27,008	28,076	28,076
2017 Ford Expedition at 3.51% interest cost of \$39,328	25,805	-	12,699	13,106	13,106
Two 2018 Ford Explorer Police cars at 1.88% interest with annual payments of \$ 27,676.02 with final payment February 1, 2021	80,000	-	-	80,000	26,172
2016 Certificate of Participation on November 11, 2016 interest rate 1.76% with payments of principal and interest semi-annually and ranging from \$ 165,605 to \$ 164,182 with the final payment November 1, 2023	<u>1,889,600</u>	<u>-</u>	<u>300,500</u>	<u>1,589,100</u>	<u>307,400</u>
Total Capital Lease and COP's	<u>2,112,661</u>	<u>-</u>	<u>370,721</u>	<u>1,741,940</u>	<u>406,412</u>
Compensated Absences	<u>59,058</u>	<u>79,300</u>	<u>64,758</u>	<u>73,600</u>	<u>73,690</u>
Total Governmental Activities	<u>\$ 2,171,719</u>	<u>\$ 79,300</u>	<u>\$ 435,479</u>	<u>\$ 1,815,540</u>	<u>\$ 480,102</u>
Long-term debt due within one year					
Capital Leases				\$ 406,412	
Compensated absences				<u>73,690</u>	
Total due within one year				480,102	
Long-term debt due in more than one year				<u>1,335,528</u>	
				<u>\$ 1,815,630</u>	

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE E – LONG-TERM DEBT (Continued)

The City has entered into these cancelable leases although the City does not foresee exercising its options to cancel. Therefore, these leases are accounted for as a noncancelable capital lease in accordance with Statement of Financial Accounting Standards Board (FASB) No. 13 *Accounting for Leases*.

The City was in compliance with bond reserve requirement for capital lease.

<u>Assets</u>	<u>Governmental Activities</u>
Buildings	\$ 4,187,815
Equipment	243,988
Vehicles	39,328
Less: Accumulated Depreciation	<u>(1,190,184)</u>
Total	<u><u>\$ 3,280,947</u></u>

Assets shown above under capital leases are included in Note D.

Following is a summary of debt maturities and interest requirements on above leases:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 437,249
2020	357,575
2021	357,320
2022	337,958
2023	<u>335,673</u>
Total minimum lease payment	1,825,775
Less: amount representing interest	<u>(83,835)</u>
Present value of minimum lease payments	<u><u>\$ 1,741,940</u></u>

CITY OF AURORA, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F – DEFINED BENEFIT PENSION PLAN

The City of Aurora participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the State of Missouri. The retirement system covers all full-time City employees.

Plan description

The City of Aurora’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Aurora participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 3 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 3 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 3 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2018 Valuation</u>
Benefit Multiplier:	1.75%
Final Average Salary:	3 years
Member Contributions:	0.00%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Employees covered by benefit terms

At June 30, 2018, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	50
Active employees	<u>51</u>
Total	<u><u>132</u></u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 0.0% of their gross pay to the pension plan. Employers contribution rates are 10.4 % General, 12.9% Fire and 11.2% Police of annual covered payroll.

Net Pension Liability

The employer’s net pension liability was measured as June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial assumptions

The total pension liability in the February 28, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation: 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25% net of investmentt

Mortality rates were based on the healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees’ mortality table for males and females.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2018. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale.

The actuarial assumptions were based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets	23.50%	3.42%

Discount rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/2017	\$ 5,956,923	\$ (6,929,653)	\$ (972,730)
Changes for the year:			
Service Cost	201,300	-	201,300
Interest	431,150	-	431,150
Changes in Assumptions	-	-	-
Difference between expected and actual	38,843	-	38,843
Contribution - employer	-	(135,131)	(135,131)
Contribution - employee	-	-	-
Net investment income	-	(887,009)	(887,009)
Benefit payments, including refunds	(221,722)	221,722	-
Administrative expense	-	8,538	8,538
Other changes	-	(6,056)	(6,056)
Net changes	<u>449,571</u>	<u>(797,936)</u>	<u>(348,365)</u>
Balances at 6/30/2018	<u>\$ 6,406,494</u>	<u>\$ (7,727,589)</u>	<u>\$ (1,321,095)</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25 %, as well as what the employer’s Net Pension Liability would be using a discount rate that is 1 percentage point lower 6.25% or one percentage point higher 8.25 % than the current rate.

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<u>\$ 30,495</u>	<u>\$ (499,958)</u>	<u>\$ (727,617)</u>

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018 the employer recognized pension expense of \$ 129,463. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 66,137	\$ (107,587)
Differences in assumptions	59,145	(26,096)
Excess(deficit) in investment returns	-	(247,313)
Contributions subsequent to the measurement date*	71,598	-
Total	<u>\$ 196,880</u>	<u>\$ (380,996)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2019.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	
2019	\$ 31,419
2020	(68,422)
2021	(132,747)
2022	(83,199)
2023	(2,765)
Thereafter	-
Total	<u>\$ (255,714)</u>

Payable to the Pension Plan

At December 31, 2018, the City of Aurora reported a payable of \$ 10,103.14 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City. In the past three years the City had no losses that exceeded commercial insurance coverage.

NOTE H – GRANTS

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

NOTE I – RELATED PARTY TRANSACTIONS

The City entered into a lease agreement on September 5, 2001, with St. John's Health System (SJHS). Under the terms of the agreement, SJHS took over administration, management and operation of the Hospital and leases the facilities. All cash and investments balances as of the effective date are to be placed in a Capital Improvement Fund and remain under the control of the Aurora Community Hospital Board. In consideration of the use and possession of the facilities, SJHS pays the annual sum of \$ 100 plus contributes \$ 200,000 to the Capital Improvement Fund. The balance in the Capital Improvement Fund may be used for capital improvements and insurance coverage for the directors and officers of the Aurora Community Hospital Board. The agreement is initially for five years, automatically renewable for up to nine additional five-year terms, and provides for termination, under certain circumstances, by each party to the agreement.

NOTE J – DEPARTURE FROM ACCOUNTING PRINCIPLES

In accordance with accounting principles applied by the City using accounting principles generally accepted in the United States of America, the lease agreement discussed in Note I is required to be reported as an operating lease with the related capital assets recorded in the City's financial statements. To the extent that these leased assets are excluded from the Governmental Activities Statement of Net Position and Statement of Activity, they are not in conformity with accounting principles as adopted by the City of Aurora. The effect of this departure is not reasonably determined.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE K – TRANSFER BETWEEN FUNDS

The transfers from the Transportation Fund (\$ 28,000) which is included in the operational expense and the Sewer Fund (\$ 77,000) to the General Fund were for cost sharing allocations.

NOTE L – CONSTRUCTION IN PROGRESS

Construction in progress is authorized by actions of the City Council (governing body). As of the year end the City had started on Phase II and construction in progress represents preliminary engineering fees on the new project.

NOTE M – PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the City had defeased 2011 bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City’s government-wide financial statements. As of December 31, 2018, the amount of defeased debt outstanding amounted to \$ 1,600,000.

NOTE N – RESTATEMENT OF BEGINNING BALANCES

During the current year, it was determined that insurance policies go from July 1 to June 30 and therefore the balance sheet should record a prepaid item, also the City elected not to allocate the use tax but only post the revenue to the General Fund. To correct this items the beginning fund balances were adjusted as follows:

	General Fund	Transportation Fund	Park/Storm Water Fund	Capital Project Fund
Beginning Fund Balance	\$ 1,738,481	\$ 538,619	\$ 453,416	\$ 563,835
Adjustments for:				
Use Tax	5,605	(2,803)	-	(2,802)
Prepaid Insurance	71,498	24,487	8,116	6,536
Beginning Fund Balance				
As Restated	<u>\$ 1,815,584</u>	<u>\$ 560,303</u>	<u>\$ 461,532</u>	<u>\$ 567,569</u>

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE N – RESTATEMENT OF BEGINNING BALANCES (Continued)

	Governmental Activities Fund	Sewer Fund	Business-type Fund
Beginning Fund Balance	\$ 14,999,799	\$ 6,579,925	\$ 6,579,925
Adjustments for:			
Prepaid Insurance	110,638	13,228	13,228
Beginning Fund Balance As Restated	<u>\$ 15,110,437</u>	<u>\$ 6,593,153</u>	<u>\$ 6,593,153</u>

NOTE O – FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

The City adopted the following statements during the year ended December 31, 2018:

GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2018.

GASB Statement No. 85, *Omnibus 2018 Activities*, issued March 2018, will be effective for the City beginning after June 15, 2018. This Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2018, will be effective for the City beginning after June 15, 2018. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE O – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

The City did not have any changes to report for the year ending December 31, 2018 upon adopting GASB 75, 85 and 86.

The Statements which might impact the City are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the City beginning with its fiscal year ending December 31, 2019. This Statement is to provide financial statement users with information about assets retirement obligations (AROs) that were not addressed in GASB standards establishing uniform accounting and financial reporting requirement for these obligations.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2018, will be effective for the City beginning after December 15, 2018. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, issued June 2018, will be effective for the City beginning after December 25, 2019. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, will be effective for the City for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, issued June 2018, will be effective for the City for reporting periods beginning after December 15, 2019. The primary objective of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE O – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, issued August 2018, will be effective for the City for reporting periods beginning after December 15, 2018. The primary objective of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organizations should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

CITY OF AURORA, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES,
CHANGES IN FUND BALANCES
-BUDGET AND ACTUAL- MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES	General Fund			
	Budget		Actual	Variance With Final Budget
	Original	Final		
Property taxes	\$ 287,196	\$ 287,196	\$ 282,996	\$ (4,200)
Franchise taxes	912,883	912,883	868,644	(44,239)
Sales taxes	1,141,082	1,141,082	1,188,202	47,120
Use taxes	82,000	82,000	192,123	110,123
Financial institutional tax	4,500	4,500	35,793	31,293
Licenses & permits	39,400	39,400	36,142	(3,258)
Fines & forfeitures	81,350	81,350	85,687	4,337
User charges	-	-	36,672	36,672
Cemetery-sale of plots	36,000	36,000	40,850	4,850
Insurance claims	-	-	1,088	1,088
Grants	11,600	11,600	4,850	(6,750)
Donations	-	-	4,600	4,600
Intergovernmental cost reimbursements	42,230	42,230	7,138	(35,092)
Miscellaneous	40,872	40,872	33,285	(7,587)
Total Revenues	<u>2,679,113</u>	<u>2,679,113</u>	<u>2,818,070</u>	<u>138,957</u>
 EXPENDITURES				
Current:				
General government	366,420	366,420	326,003	40,417
Police and courts	1,162,984	1,162,984	1,162,082	902
Fire	475,509	475,509	463,364	12,145
E-911	244,095	244,095	249,783	(5,688)
Cemetery care	101,983	101,983	86,835	15,148
Finance and economic development	224,264	224,264	207,868	16,396
Code enforcement	179,909	179,909	218,075	(38,166)
Capital outlay	82,000	82,000	66,936	15,064
Debt service:				
Principal	43,213	43,213	43,213	-
Interest	3,159	3,159	3,159	-
Total Expenditures	<u>2,883,536</u>	<u>2,883,536</u>	<u>2,827,318</u>	<u>56,218</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(204,423)	(204,423)	(9,248)	195,175
 OTHER FINANCING SOURCES (USES)				
Transfers In	28,000	28,000	28,000	-
Loan proceeds	80,000	80,000	80,000	-
NET CHANGE IN FUND BALANCE	<u>\$ (96,423)</u>	<u>\$ (96,423)</u>	98,752	<u>\$ 195,175</u>
FUND BALANCES - BEGINNING			<u>1,815,584</u>	
FUND BALANCES - ENDING			<u>\$ 1,914,336</u>	

CITY OF AURORA, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES,
CHANGES IN FUND BALANCES
-BUDGET AND ACTUAL- MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES	Transportation Fund			Variance With Final Budget
	Budget		Actual	
	Original	Final		
Sales tax	\$ 560,000	\$ 560,000	\$ 569,370	\$ 9,370
Missouri motor fuel taxes	328,000	328,000	302,305	(25,695)
Miscellaneous	2,350	2,350	22,789	20,439
Total Revenues	<u>890,350</u>	<u>890,350</u>	<u>894,464</u>	<u>4,114</u>
EXPENDITURES				
Current:				
Street	616,658	616,658	553,499	63,159
Airport	11,250	11,250	14,155	(2,905)
Capital Outlay	245,000	245,000	155,064	89,936
Total Expenditures	<u>872,908</u>	<u>872,908</u>	<u>722,718</u>	<u>150,190</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	17,442	17,442	171,746	154,304
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(28,000)	(28,000)	(28,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (10,558)</u>	<u>\$ (10,558)</u>	143,746	<u>\$ 154,304</u>
FUND BALANCE-BEGINNING			<u>560,303</u>	
FUND BALANCE - ENDING			<u>\$ 704,049</u>	

REVENUES	Park/Storm Water Fund			Variance With Final Budget
	Budget		Actual	
	Original	Final		
Sales tax	\$ 547,000	\$ 547,000	\$ 568,865	\$ 21,865
Park activities	31,360	31,360	27,411	(3,949)
Miscellaneous	-	-	599	599
Total Revenues	<u>578,360</u>	<u>578,360</u>	<u>596,875</u>	<u>18,515</u>
EXPENDITURES				
Current:				
Park	296,666	296,666	264,518	32,148
Storm water	150	150	817	(667)
Capital Outlay	281,544	281,544	304,910	(23,366)
Total Expenditures	<u>578,360</u>	<u>578,360</u>	<u>570,245</u>	<u>8,115</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	26,630	<u>\$ 26,630</u>
FUND BALANCE-BEGINNING			<u>458,731</u>	
FUND BALANCE - ENDING			<u>\$ 485,361</u>	

CITY OF AURORA, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -UNAUDITED
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31,

	2018	2017	2016	2015
Total Pension Liability				
Service costs	\$ 201,300	\$ 193,517	\$ 183,131	\$ 157,649
Interest on Total Pension Liability	431,150	407,471	364,866	311,206
Changes in Benefit Terms	-	-	-	453,772
Difference between expected and actual experience	38,843	(89,679)	(39,744)	(91,055)
Changes in Assumptions	-	(51,952)	242,364	(15,242)
Benefit payments, including refunds	(221,722)	(149,660)	(90,465)	(87,031)
Net change in total pension liability	449,571	309,697	660,152	729,299
Total Pension Liability-beginning	5,956,923	5,647,226	4,987,104	4,257,805
Total Pension Liability-ending	<u>\$ 6,406,494</u>	<u>\$ 5,956,923</u>	<u>\$ 5,647,256</u>	<u>\$ 4,987,104</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ (135,131)	\$ (126,480)	\$ (135,506)	\$ (120,405)
Contributions - employee	-	(55,675)	-	-
Net investment income	(887,009)	(756,208)	12,265	(115,480)
Changes in assumptions	-	(3,412)	90,465	87,031
Benefit payments	221,722	149,660	-	-
Pension Plan Administrative Expense	8,538	7,923	7,573	8,761
Other (Net Transfer)	(6,056)	33,209	33,696	(159,669)
Net change in plan fiduciary net position	(797,936)	(750,983)	8,493	(299,762)
Plan Fiduciary Net Position-beginning	(6,929,653)	(6,178,670)	(6,187,163)	(5,887,401)
Plan Fiduciary Net Position-ending	<u>\$ (7,727,589)</u>	<u>\$ (6,929,653)</u>	<u>\$ (6,178,670)</u>	<u>\$ (6,187,163)</u>
Net Pension Liability/(Asset)	<u>\$ (1,321,095)</u>	<u>\$ (972,730)</u>	<u>\$ (531,414)</u>	<u>\$ (1,200,059)</u>
Plan fiduciary net position as a percentage of the total pension liability	20.62%	16.33%	9.41%	24.06%
Covered payroll	\$ 1,804,697	\$ 1,856,987	\$ 1,698,505	\$ 1,658,498
Net Pension liability as a percentage of covered payroll	-73.20%	-52.38%	-31.29%	-72.36%

Notes to schedule:

*Information not available as this represents the first actuarial valuation performed pursuant to GASB Statement No. 67.

This schedule is intended to cover ten years. The City implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is therefore unavailable.

CITY OF AURORA, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
 SCHEDULE OF PENSION PLAN CONTRIBUTIONS
 LAST TEN FISCAL YEARS
FOR THE YEARS ENDED DECEMBER 31.

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2009	\$ 102,363	\$ 102,363	\$ -	\$ 1,647,169	6.21%
2010	135,661	108,243	27,418	1,513,980	7.15%
2011	151,309	133,727	17,582	1,630,782	8.20%
2012	142,085	135,901	6,184	1,637,458	8.30%
2013	102,773	102,530	243	1,471,447	6.97%
2014	103,217	103,218	(1)	1,638,254	6.30%
2015	142,929	142,929	-	1,747,658	8.18%
2016	125,754	125,753	1	1,772,073	7.10%
2017	130,228	130,228	-	1,809,777	7.20%
2018	142,423	142,423	-	1,861,226	7.65%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2018

Notes: The roll-forward of total pension liability from February 28, 2018 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period of (ii) 15 years.
Remaining Amortization Period	Multiple bases from 14 to 16 years
Asset Valuation Method	5-Year smoothed market: 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information: None

CITY OF AURORA, MISSOURI

COMBINING BALANCE SHEET-
NON MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	UDAG Fund	Park Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,541	\$ 27	\$ 3,568
Accounts receivable- Other	-	53	53
 TOTAL ASSETS	 <u>\$ 3,541</u>	 <u>\$ 80</u>	 <u>\$ 3,621</u>
LIABILITIES			
Other liabilities	\$ -	\$ 22	\$ 22
 Total Liabilities	 <u>-</u>	 <u>22</u>	 <u>22</u>
FUND BALANCES			
Restricted	<u>3,541</u>	<u>58</u>	<u>3,599</u>
 Total Fund Balances	 <u>3,541</u>	 <u>58</u>	 <u>3,599</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 3,541</u>	 <u>\$ 80</u>	 <u>\$ 3,621</u>

CITY OF AURORA, MISSOURI
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES -
 NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	UDAG Fund	Park Fund	Total
REVENUES;			
Property taxes	\$ -	\$ 261	\$ 261
Total Revenues	<u>-</u>	<u>261</u>	<u>261</u>
EXPENDITURES:			
Current:			
UDAG	1,829	-	1,829
Park	-	346	346
Total Expenditures	<u>1,829</u>	<u>346</u>	<u>2,175</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	(1,829)	(85)	(1,914)
FUND BALANCES - BEGINNING	<u>5,370</u>	<u>143</u>	<u>5,513</u>
FUND BALANCES - ENDING	<u>\$ 3,541</u>	<u>\$ 58</u>	<u>\$ 3,599</u>