

CITY OF AURORA, MISSOURI

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

FOR THE YEAR ENDED
DECEMBER 31, 2019

CONTENTS

PAGE NO.

Independent Auditor's Report	1-3
Management's Discussion and Analysis Letter	4-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Balance Sheet to Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	20
Statement of Net Position – Proprietary Fund (Sewer)	21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund (Sewer)	22
Statement of Cash Flows – Proprietary Fund (Sewer)	23
Notes to Basic Financial Statements	24-50
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Modified Accrual Basis) Major Governmental Funds	51-53
Schedule of Changes in Net Pension Liability and Related Ratios	54
Schedule of Pension Plan Contributions	55
SUPPLEMENTARY INFORMATION SECTION (UNAUDITED)	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	57

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2019, 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, 2019, 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.

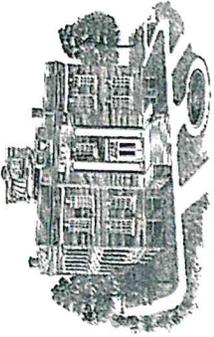
Other Information

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 31, 2020



CITY OF AURORA

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, 2019. 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 \$ 23,812,308. The City of Aurora has unrestricted net position totaling \$ 7,748,108, which can be used to fund the City of Aurora's functions/programs.
- As of December 31, 2019, governmental activities and business-type activities had net positions of \$ 15,812,569 and \$ 7,999,739, respectively.
- At the end of the current fiscal year, the City of Aurora's governmental funds reported combined ending fund balances of \$ 5,062,679, a decrease of \$ 502,383 in comparison with the prior year. Approximately 36.38% or \$ 1,841,759 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, \$ 1,841,759, is 96.3% 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 \$ 656,312, or 25.92% as compared to fiscal year 2018.

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 a 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 Wastewater system.

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, transportation, Park/Stormwater Fund, Community Hospital Fund and Capital Project 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 fund. The City of Aurora maintains one proprietary fund. *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 fund to account for its Wastewater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for the Wastewater which are considered to be a major fund 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 23-50 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 \$ 23,812,308 at the close of the most recent fiscal year.

City of Aurora's Net Position

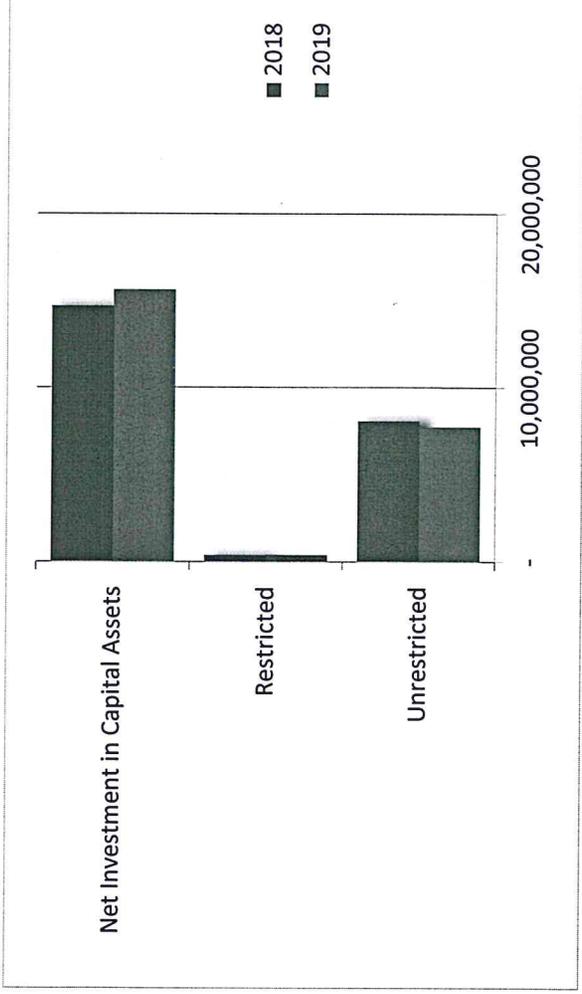
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets and other assets	\$ 6,591,589	\$ 7,175,725	\$ 2,583,130	\$ 2,298,911	\$ 9,174,719	\$ 9,474,636
Capital Assets	11,479,275	11,014,570	6,153,645	5,993,521	17,632,920	17,008,091
Total Assets	18,070,864	18,190,295	8,736,775	8,292,432	26,807,639	26,482,727
Deferred Outflows of Resources						
Deferred pension related	189,125	173,240	19,454	23,640	208,579	196,880
Total Deferred Outflows	189,125	173,240	19,454	23,640	208,579	196,880
Current Liabilities	892,862	846,100	236,847	254,126	1,129,709	1,100,226
Long-term Debt	1,286,199	1,335,528	492,992	678,167	1,779,191	2,013,695
Total Liabilities	2,179,061	2,181,628	729,839	932,293	2,908,900	3,113,921
Deferred Inflows						
Deferred pension related	268,359	348,512	26,651	32,484	295,010	380,996
Total Deferred Inflows	268,359	348,512	26,651	32,484	295,010	380,996
Net Position:						
Invested in capital assets-net	9,867,107	9,272,630	5,783,932	5,203,521	15,651,039	14,476,151
Restricted	-	-	413,161	390,835	413,161	390,835
Unrestricted	5,945,462	6,560,766	1,802,646	1,756,939	7,748,108	8,317,705
Total net position	\$ 15,812,569	\$ 15,833,396	\$ 7,999,739	\$ 7,351,295	\$ 23,812,308	\$ 23,184,691

By far, the largest portion of the City of Aurora's net position (65.73%) 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 (1.74%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 7,748,108 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, 2019 and 2018



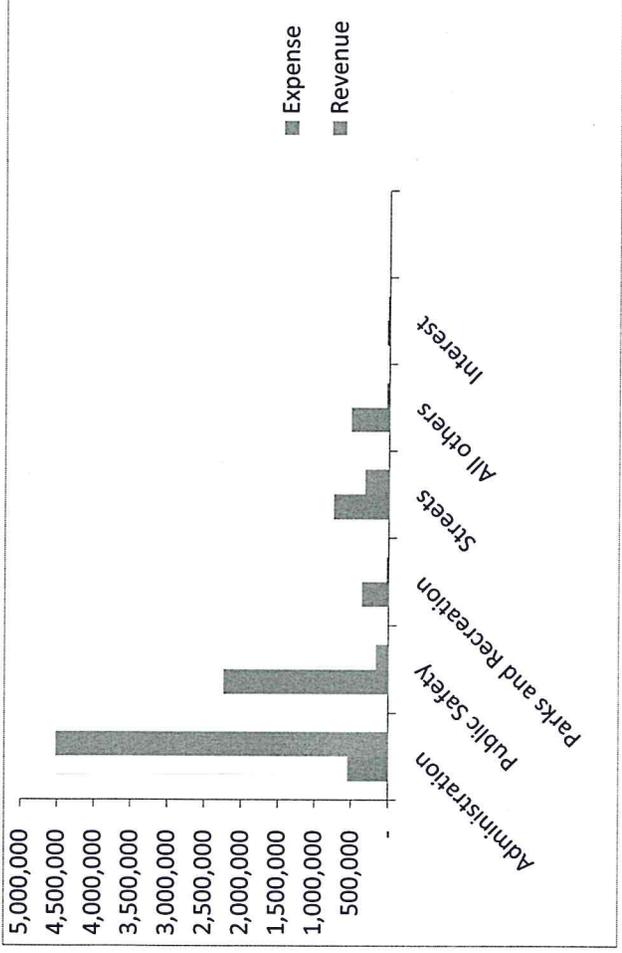
However, the City of Aurora's overall net position increased \$ 627,617 from the prior year fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. Governmental activities decreased the City of Aurora's net position by \$ 20,827. Compared to last year's growth for Governmental activities, this was a decrease of \$ 734,786.

City of Aurora's Changes in Net Position

	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	
Revenues:					
Program Revenues:					
Charges for services	\$ 398,900	\$ 241,965	\$ 1,564,763	\$ 1,617,895	\$ 1,963,663
Operating grants and contributions	342,690	357,735	-	-	342,690
Capital grants and contributions	85,484	1,934	-	-	85,484
General Revenues:					
Taxes	4,247,680	4,239,122	-	-	4,247,680
Investment earnings	36,936	22,740	26,460	-	63,396
Other	62,014	238,892	-	-	62,014
Total Revenues	<u>5,173,704</u>	<u>5,102,388</u>	<u>1,591,223</u>	<u>1,617,895</u>	<u>6,764,927</u>
Expenses:					
Administration	399,970	547,412	-	-	399,970
Public Safety	2,272,431	2,238,665	-	-	2,272,431
Building inspection	210,951	218,121	-	-	210,951
Storm water	1,547	2,627	-	-	1,547
Finance and economic dev.	211,393	208,701	-	-	211,393
Cemetery	112,149	90,486	-	-	112,149
Parks and recreation	389,698	363,174	-	-	389,698
Streets and airport	822,957	751,185	-	-	822,957
Health and Welfare	795,693	-	-	-	795,693
Interest	54,742	36,058	-	-	54,742
Wastewater	-	-	898,995	782,753	898,995
Total Expenses	<u>5,271,531</u>	<u>4,456,429</u>	<u>898,995</u>	<u>782,753</u>	<u>6,170,526</u>
Other sources and (uses)					
Grants	-	-	33,216	-	33,216
Transfers	77,000	77,000	(77,000)	(77,000)	-
Change in Net Position	(20,827)	722,959	648,444	758,142	627,617
Net Position, beginning	15,833,396	15,110,437	7,351,295	6,593,153	23,184,691
Net Position, ending	<u>\$ 15,812,569</u>	<u>\$ 15,833,396</u>	<u>\$ 7,999,739</u>	<u>\$ 7,351,295</u>	<u>\$ 23,812,308</u>
					<u>\$ 23,184,691</u>

Expenses and Program Revenues -Governmental Activities



Business-type activities. Business-type activities increased the City of Aurora's net position by \$ 648,444 thereby accounting for 100.00% of the total growth in the net position of the City of Aurora. This was a decrease of \$ 109,698 over the prior year. Sewer fund revenue decreased \$ 53,132 as compared to the prior year and expenditures increased \$ 94,408.

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.

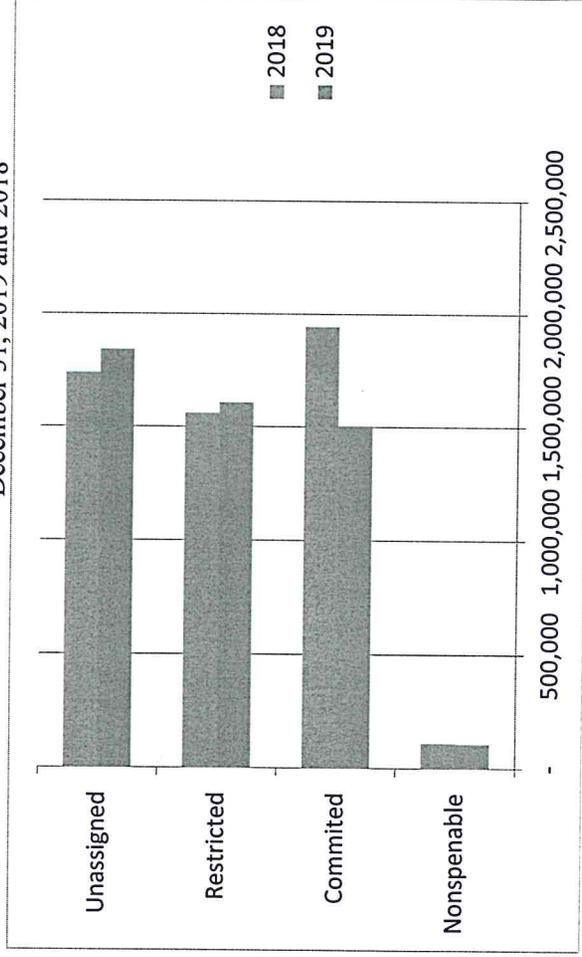
Governmental Funds

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.

General Fund
Components of Fund Balance
December 31, 2019 and 2018



As of the end of the current fiscal year, the City of Aurora's governmental funds reported a combined ending fund balance of \$ 5,062,679 with a decrease of \$ 502,383 compared to the prior fiscal year. Of the total balance, \$ 1,504,485 is Committed, \$ 108,552 in Non-spendable, \$ 1,607,873 is restricted, and \$ 1,841,769 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 \$ 1,913,486 of which the decrease of \$ 850 was most represented by a decrease in use tax collections for the current year.

Fund balance of the Transportation Fund increased \$ 9,715, which was due to an increase in grants offset by capital improvements for the year.

The Park/Storm Water Fund was a major fund for the current year and showed an increase of \$ 68,020, which was due to a loan for stormwater improvements and offset by project costs.

The Community Hospital Fund decreased \$ 563,055 which was due to funds being expended on capital expansion. By the agreement of Mercy Hospital all capital improvements belong to Mercy and the City in term expenses the improvements.

The final major fund is the Capital Project Fund that decreased \$ 17,093. This was an improvement of \$ 163,401 over the prior year due to less capital improvements.

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 \$ 1,802,646 and had increase of \$ 275,994 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 with the exception of the Park/Storm Water Fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,298,631	\$ 2,298,631	\$ -	\$ -	\$ 2,298,631	\$ 2,298,631
Plant & Buildings	3,852,783	3,932,930	5,939,584	5,728,861	9,792,367	9,661,791
Infrastructure	3,722,015	3,088,524	-	-	3,722,015	3,088,524
Equipment	1,023,614	1,072,126	141,472	15,216	1,165,086	1,087,342
Vehicles	485,342	423,621	5,906	39,108	491,248	462,729
Construction-						
In-Progress	96,890	198,738	66,683	210,336	163,573	409,074
	\$ 11,479,275	\$ 11,014,570	\$ 6,153,645	\$ 5,993,521	\$ 17,632,920	\$ 17,008,091

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 \$ 2,254,628 in outstanding notes as compared to the prior year of \$ 2,531,940.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue Bonds	\$ -	\$ -	\$ 600,000	\$ 790,000	\$ 600,000	\$ 790,000
Lease Obligations	1,654,628	1,741,940	-	-	1,654,628	1,741,940
TOTALS	\$ 1,654,628	\$ 1,741,940	\$ 600,000	\$ 790,000	\$ 2,254,628	\$ 2,531,940

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

In 2020, expenditures are anticipated to equal revenues in the General Fund plus a contribution from the beginning fund balance. The 2020 budget also provides a 2% across the board salary increase for all employees for a Cost of Living Adjustment. The administration and the Council made concerted efforts to address pay inequalities with staff within the personnel system/policy, and to address low employee pay issues in order to become more competitive in the local and regional job market. The Council determined that a Market Adjustment of the City of Aurora Position Classification Pay Plan was necessary based on recommendations from the Administration to address significant shortfalls in the employment market and the Employment cost Index as determined by the U.S. Bureau of Labor Statistics and to be proactive in addressing future changes related to the changes in the Missouri Minimum Wage laws. This resulted in an 8% adjustment in the City of Aurora Position Classification Pay Plan and subsequently, impacts the salaries of current employees.

There was significant savings achieved through bidding of health insurance benefits to reduce benefits expense in 2019. In the 2020 budget, there was only a slight increase in Health Insurance cost. An amount has been included to demolish unsafe and dilapidated condemned structures. It is hoped that removing these buildings will continue to beautify the community while making neighborhoods safer. Federal grants will match City contributions for Airport improvements.

The 2020 Budget also works to replace several pieces of essential operational equipment; there is planned replacement of pickup trucks in the Park/Stormwater Fund. Significant funding has been slated for street repair and maintenance in the Transportation fund, and staff is considering possible equipment purchases that will assist with maintaining City streets. Also, replacement of patrol and staff vehicles continues for the Police Department.

The Budget contains the necessary finance to continue the many programs and services the citizens of Aurora have benefited from in recent years. The Budget looks forward to the continued improvement of the national economy where the City of Aurora has benefited from increased sales tax receipts.

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 Manager's Office at 2 West Pleasant St., Aurora, Missouri

Joh Holmes
City Manager

CITY OF AURORA, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 4,386,505	\$ 1,917,570	\$ 6,304,075
Restricted assets-cash and cash equivalents	117,291	413,161	530,452
Accounts receivable (net of allowance for uncollectibles)	876,981	144,033	1,021,014
Prepaid items	108,552	17,144	125,696
Net pension assets	1,102,260	91,222	1,193,482
Capital assets:			
Land	2,298,631	-	2,298,631
Construction in progress	96,890	66,683	163,573
Other capital assets, net of accumulated depreciation	9,083,754	6,086,962	15,170,716
Total Assets	18,070,864	8,736,775	26,807,639
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	189,125	19,454	208,579
LIABILITIES			
Accounts payable	43,568	19,521	63,089
Accrued wages	93,349	8,704	102,053
Accrued payroll taxes and benefits	23,193	2,033	25,226
Accrued interest	6,389	-	6,389
Taxes under protest	117,290	-	117,290
Other liabilities	117,879	-	117,879
Due and payable within one year	491,194	206,589	697,783
Due and payable in more than one year:			
Compensated absences	91,535	-	91,535
Revenue bonds	-	405,000	405,000
Capital leases	221,664	-	221,664
Certificates of participation	973,000	-	973,000
Meter deposits	-	87,992	87,992
Total Liabilities	2,179,061	729,839	2,908,900
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	268,359	26,651	295,010
NET POSITION			
Net investment in capital assets	9,867,107	5,783,932	15,651,039
Restricted for:			
Debt service	-	334,296	334,296
Construction	-	78,865	78,865
Unrestricted	5,945,462	1,802,646	7,748,108
Total Net Position	\$ 15,812,569	\$ 7,999,739	\$ 23,812,308

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues				Net (Expenses) Revenues and	
		Charges for	Operating	Capital	Contributions	Governmental	Business-type
		Grants and	Grants and	Grants and	Contributions	Activities	Activities
		Contributions	Contributions	Contributions	Contributions	Business-type	Total
		Services	Operating	Capital	Contributions	Activities	Total
		Contributions	Grants and	Grants and	Contributions	Business-type	Total
		Contributions	Contributions	Contributions	Contributions	Business-type	Total
		Contributions	Contributions	Contributions	Contributions	Business-type	Total
Governmental activities:							
General government	\$ 399,970	\$ 22,842	\$ 1,068	\$ -	\$ (376,060)	\$ -	\$ (376,060)
Police and court	1,443,550	86,567	34,066	(1,322,917)	(1,322,917)	-	(1,322,917)
Fire	569,585	-	-	(569,585)	(569,585)	-	(569,585)
E-911	259,296	-	-	(259,296)	(259,296)	-	(259,296)
Streets	754,376	24,369	306,408	(423,599)	(423,599)	-	(423,599)
Airport	68,581	-	85,484	16,903	16,903	-	16,903
Parks	389,698	29,480	1,148	(359,070)	(359,070)	-	(359,070)
Cemetery care	112,149	23,800	-	(88,349)	(88,349)	-	(88,349)
Finance and economic development	211,393	-	-	(211,393)	(211,393)	-	(211,393)
Code enforcement	210,951	11,742	-	(199,209)	(199,209)	-	(199,209)
Storm water control	1,547	-	-	(1,547)	(1,547)	-	(1,547)
Health and welfare	795,693	200,100	-	(595,593)	(595,593)	-	(595,593)
Interest and issuance cost on long-term debt	54,742	-	-	(54,742)	(54,742)	-	(54,742)
Total governmental activities	5,271,531	398,900	342,690	85,484	(4,444,457)	-	(4,444,457)
Business-type activities:							
Sewer	898,995	1,564,763	-	33,216	-	698,984	698,984
Total business-type activities	898,995	1,564,763	-	33,216	-	698,984	698,984
Total Government	\$ 6,170,526	\$ 1,963,663	\$ 342,690	\$ 118,700	\$ (4,444,457)	\$ 698,984	\$ (3,745,473)
General Revenues							
Taxes:							
Property taxes levied for general purposes	279,531	279,531	-	-	279,531	-	279,531
Franchise taxes	901,730	901,730	-	-	901,730	-	901,730
Sales taxes	2,849,962	2,849,962	-	-	2,849,962	-	2,849,962
Use taxes	216,457	216,457	-	-	216,457	-	216,457
Interest on investments	36,936	36,936	26,460	-	63,396	-	63,396
Insurance claims	24,078	24,078	-	-	24,078	-	24,078
Miscellaneous	37,936	37,936	-	-	37,936	-	37,936
Transfers	77,000	77,000	(77,000)	-	-	-	-
Total general revenues and transfers	4,423,630	4,423,630	(20,827)	648,444	627,617	7,351,295	23,184,691
Change in net position							
Net position beginning	15,833,396	15,833,396			15,812,569	\$ 7,999,739	\$ 23,812,308
Net position ending	15,812,569	15,812,569			15,812,569	\$ 7,999,739	\$ 23,812,308

See the accompanying notes to the financial statements.
 16

CITY OF AURORA, MISSOURI

BALANCE SHEET -
GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	General Fund	Transportation Fund	Stormwater Fund	Parl/Community Hospital Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,599,819	\$ 652,491	\$ 505,974	\$ 1,304,385	\$ 319,415	\$ 4,421	\$ 4,386,505
Restricted assets:							
Cash and cash equivalents	117,291	-	-	-	-	-	117,291
Property taxes	251,908	-	-	-	-	-	251,908
Sales taxes	109,341	47,712	47,732	-	47,733	-	252,518
Franchise taxes	131,897	-	-	-	-	-	131,897
Motor fuel taxes	-	24,510	-	-	-	-	24,510
Grants	-	15,689	-	-	-	-	15,689
Other	327	-	32	200,100	-	-	200,459
Prepaid items	71,717	18,893	8,897	-	9,045	-	108,552
Total Assets	\$ 2,282,300	\$ 759,295	\$ 562,635	\$ 1,504,485	\$ 376,193	\$ 4,421	\$ 5,489,329
LIABILITIES							
Liabilities-							
Accounts payable	\$ 10,907	\$ 25,036	\$ 1,873	\$ -	\$ 5,752	\$ -	\$ 43,568
Accrued wages	75,797	13,245	3,848	-	459	-	93,349
Accrued payroll taxes and benefits	15,570	7,250	373	-	-	-	23,193
Taxes paid under protest	117,290	-	-	-	-	-	117,290
Other liabilities	117,879	-	-	-	-	-	117,879
Total Liabilities	337,443	45,531	6,094	-	6,211	-	395,279
DEFERRED INFLOWS OF RESOURCES							
Unavailable property tax revenue	31,371	-	-	-	-	-	31,371
FUND BALANCES							
Nonspendable	71,717	18,893	8,897	-	9,045	-	108,552
Committed	-	-	-	1,504,485	-	-	1,504,485
Restricted:							
Transportation	-	694,871	-	-	-	-	694,871
Public Safety	-	-	-	-	360,937	-	360,937
Economic Development	-	-	-	-	-	4,421	4,421
Parks	-	-	547,644	-	-	-	547,644
Assigned-Cemetery	10	-	-	-	-	-	10
Unassigned	1,841,759	-	-	-	-	-	1,841,759
Total Fund Balances	1,913,486	713,764	556,541	1,504,485	369,982	4,421	5,062,679
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,282,300	\$ 759,295	\$ 562,635	\$ 1,504,485	\$ 376,193	\$ 4,421	\$ 5,489,329

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
 RECONCILIATION OF BALANCE SHEET TO
 STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Fund Balances-Governmental Funds	\$	5,062,679
<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		2,395,521
Depreciable assets		<u>9,083,754</u>
		11,479,275
<p>Revenue that is unavailable in the funds financial statement but is recognized as revenue in the government-wide financial statements.</p>		
		31,371
<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>		
		(6,389)
<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		1,102,260
Deferred outflows - pension related		189,125
Deferred inflows - pension related		(268,359)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>		
<p>Long-term liabilities at year-end consist of:</p>		
Compensated absences		(122,765)
Long term debt		<u>(1,654,628)</u>
	\$	<u>15,812,569</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, 2019

	Total	Other	Capital	Community	Parl/	Stormwater	Transportation	General	Total
REVENUES									
Taxes:									
Property taxes	275,597								
Franchise taxes	901,730								
Sales taxes	1,135,071								
Use tax	216,457								
Intergovernmental:									
Missouri motor fuel taxes	-								
Institutional tax	405								
Licenses & permits	31,090								
Fines & forfeitures	86,567								
User charges:									
Park activities	-								
Interest	23,800								
Cemetery-sale of plots	270								
Other:									
Building lease	-								
Donations	1,068								
Insurance claims	3,494								
Grants	34,066								
Street cuts	9,752								
Miscellaneous	30,936								
Total Revenues	2,750,303								
EXPENDITURES									
Current:									
General government	342,162	1,184	1,200	-	-	-	-	-	
Police and court	1,125,431	-	147,297	-	-	-	-	-	
Fire	501,823	-	27,030	-	-	-	-	-	
E-911	253,384	-	-	-	-	-	-	-	
Streets	602,085	-	-	-	-	-	-	-	
Airport	7,851	-	-	-	-	-	-	-	
Parks	-	-	-	-	-	-	-	-	
Cemetery care	105,901	-	-	-	-	-	-	-	
Finance and economic development	195,175	9,259	-	-	-	-	-	-	
Code enforcement	207,187	-	-	-	-	-	-	-	
Storm water control	-	-	-	-	-	-	-	-	
Health and welfare	-	-	-	795,693	-	-	-	-	
Capital outlay	107,230	-	19,913	-	514,370	-	355,699	-	
Debt service:									
Principal	44,764	-	361,648	-	59,900	-	-	-	
Interest	896	-	29,230	-	7,041	-	-	-	
Total Expenditures	2,883,953	10,443	586,318	795,693	867,344	965,635	965,635	2,883,953	
EXPENSES (DEFICIT) OF REVENUES OVER									
EXPENDITURES	(133,650)	680	(17,093)	(563,055)	(263,980)	(263,980)	37,715	(133,650)	
OTHER FINANCING SOURCES (USES)									
Transfers in	132,800	200	-	-	-	-	-	132,800	
Transfers (Out)	-	-	-	-	(28,000)	-	(28,000)	-	
Issuance costs	-	-	-	-	(19,000)	-	(19,000)	-	
Loan proceeds	-	-	-	-	379,000	-	-	379,000	
NET CHANGE IN FUND BALANCES	(850)	880	(17,093)	(563,055)	68,020	(563,055)	9,715	(850)	
FUND BALANCES - BEGINNING	1,914,336	3,541	387,075	2,067,540	488,521	2,067,540	704,049	1,914,336	
FUND BALANCES - ENDING	\$ 1,913,486	\$ 4,421	\$ 369,982	\$ 1,504,485	\$ 556,541	\$ 1,504,485	\$ 713,764	\$ 1,913,486	

See the accompanying notes to the financial statements.
19

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, 2019

Net change in fund balances--total governmental funds \$ (502,383)

Amounts reported for *governmental activities* in the statement of activities are different because:

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.

Expenditures for capital assets	997,212
Less current year depreciation expense	(532,507)

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.

Change in pension expense	(26,453)
Change in compensated absences	(49,134)

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.

1,425

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.

3,701

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.

Principal repayments	466,312
New loan proceeds	(379,000)

Change in net position of governmental activities

\$ (20,827)

CITY OF AURORA, MISSOURI

STATEMENT OF NET POSITION -
PROPRIETARY FUND (SEWER)

DECEMBER 31, 2019

ASSETS	
Current Assets:	\$ 1,917,570
Cash and cash equivalents	
Accounts receivable (net of allowance for uncollectibles)	
Utilities	110,817
Grants	33,216
Prepaid items	17,144
Total Current Assets	<u>2,078,747</u>
Restricted Assets:	
Cash and cash equivalents	413,161
Total Restricted Assets	<u>413,161</u>
Noncurrent Assets:	91,222
Net pension assets	
Capital Assets:	
Construction in progress	66,683
Other capital assets, net of accumulated depreciation	6,086,962
Total Noncurrent Assets	<u>6,244,867</u>
TOTAL ASSETS	<u>8,736,775</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred amounts related to pensions	<u>19,454</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	19,521
Accrued wages	8,704
Accrued payroll taxes and benefits	2,033
Compensated absences	11,589
Current portion of long-term debt	195,000
Total Current Liabilities	<u>236,847</u>
Noncurrent Liabilities:	
Revenue bonds	405,000
Meter deposits	87,992
Total Noncurrent Liabilities	<u>492,992</u>
Total Liabilities	<u>729,839</u>
DEFERRED INFLOW OF RESOURCES	
Deferred amounts related to pensions	<u>26,651</u>
NET POSITION	
Net investment in capital assets	5,783,932
Restricted-	
Depreciation and replacement	334,296
Construction	78,865
Unrestricted	<u>1,802,646</u>
Total Net Position	<u>\$ 7,999,739</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, 2019

OPERATING REVENUES:	
Charges for services	\$ 1,564,763
OPERATING EXPENSES:	
Chemicals	12,168
Collection system	9,116
Computer software and expenses	12,165
Depreciation	218,544
Dues and training	240
Empire water reconnect	6,568
Employee benefits	34,820
Fuel	11,610
Insurance	32,807
Merchant service fees	10,108
Miscellaneous	340
Office supplies and postage	20,876
Payroll taxes	13,675
Permits, licenses and fees	5,152
Professional fees	149,444
Repairs & maintenance	25,648
Retirement expense	16,997
Salaries	191,159
Supplies	4,018
Telephone	4,871
Uniforms	2,364
Utilities	74,799
Total Operating Expenses	857,489
OPERATING INCOME	707,274
NON-OPERATING REVENUES (EXPENSES):	
Interest earned	26,460
Interest expense and agents fee	(41,506)
Total Non-operating Revenues (Expenses)	(15,046)
GRANTS AND TRANSFERS	
Grants	33,216
Transfer (out)	(77,000)
Total transfers	(43,784)
CHANGE IN NET POSITION	648,444
TOTAL NET POSITION - BEGINNING	7,351,295
TOTAL NET POSITION - ENDING	\$ 7,999,739

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 1,582,080
Payments to suppliers	(416,531)
Payments to employees	(243,038)
Net Cash Provided by Operating Activities	<u>922,511</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer for operating reimbursements	(77,000)
Net Cash (Used for) Noncapital financing activities	<u>(77,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital expenditure	(378,668)
Principal paid	(190,000)
Interest paid	(15,046)
Net Cash (Used for) Capital and Related Financing Activities	<u>(583,714)</u>
Net Cash Increase for the Year	261,797
Cash at Beginning of Year	2,068,934
Cash at End of Year	<u><u>\$ 2,330,731</u></u>
CASH SUMMARY	
Cash and cash equivalents	\$ 1,917,570
Restricted assets-cash and cash equivalents	413,161
Total	<u><u>\$ 2,330,731</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	\$ 707,274
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation expense	218,544
(Increase) in prepaid items	(1,820)
Decrease in accounts receivable	7,492
(Decrease) in accounts payable	(32,417)
Increase in accrued wages, taxes, and benefits	10,138
Increase in pensions	3,475
Increase in sewer deposits	9,825
Net Cash Provided by Operating Activities	<u><u>\$ 922,511</u></u>

See the accompanying notes to the financial statements.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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, 2019

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.

TIF Fund

This fund was established to account for the proceeds of sales tax revenue that is legally restricted to expenditures for the purpose of reimbursement of developers.

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, 2019

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, 2019

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 \$ 5,832. 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, 2019

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, 2019, the City did not capitalize any interest and interest expense for the Sewer Fund was \$ 39,500 less interest earned by SRF accounts applied to bring the net cost down to \$ 15,046 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, 2019

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, 2019 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, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances-Governmental Funds

As of December 31, 2019, 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, 2019

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 2019 was \$.3671 for the General Fund only with a valuation base of \$ 64,624,387.

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, 2019

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, 2019, expenditures did not exceed appropriations except for the Park/Storm Water Fund.

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, 2019, 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, 2019

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2019, 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 it's 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, 2019

NOTE C – RESTRICTED CASH

Restricted cash consisted of the following as of December 31, 2019:

General Fund	
Taxes paid under protest	\$ 117,291
	\$ 117,291
Sewer Fund	
Reserve for Depreciation and Replacement	\$ 242,787
Construction	78,865
Meter deposits	91,509
	\$ 413,161

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE D – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental Activities:

Capital assets not being depreciated:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 2,298,631	\$ -	\$ -	\$ 2,298,631
Construction in progress	\$ 198,738	\$ 528,938	\$ 630,786	\$ 96,890

Capital assets being depreciated:

Buildings	\$ 6,622,351	\$ 58,852	\$ -	\$ 6,681,203
Infrastructure	3,852,363	803,961	-	4,656,324
Equipment	2,787,228	109,999	44,533	2,852,694
Vehicles	1,923,710	149,348	18,000	2,055,058
Total capital assets being depreciated	15,185,652	1,122,160	62,533	16,245,279

Less: Accumulated depreciation for:

Buildings	2,689,421	138,999	-	2,828,420
Infrastructure	763,839	170,470	-	934,309
Equipment	1,715,102	130,307	16,329	1,829,080
Vehicles	1,494,985	92,731	18,000	1,569,716
Total accumulated depreciation	6,663,347	532,507	34,329	7,161,525
Capital assets being depreciated, net	\$ 8,522,305	\$ 589,653	\$ 28,204	\$ 9,083,754

Governmental activities capital assets, net

	\$ 11,019,674	\$ 1,118,591	\$ 658,990	\$ 11,479,275
--	---------------	--------------	------------	---------------

CITY OF AURORA, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

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

Governmental Activities:	
General government	\$ 45,504
Police and courts	165,353
Fire	27,970
Streets and airport	189,809
Parks	101,847
Cemetery	<u>2,024</u>
	<u>\$ 532,507</u>

Business-type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	<u>\$ 210,336</u>	<u>\$ -</u>	<u>\$ 143,653</u>	<u>\$ 66,683</u>
Capital assets being depreciated:				
Plant	\$ 10,446,055	\$ 415,482	\$ -	\$ 10,861,537
Equipment	397,195	106,592	-	503,787
Vehicles	500,586	-	-	500,586
Total capital assets being depreciated	<u>11,343,836</u>	<u>522,074</u>	<u>-</u>	<u>11,865,910</u>
Less: Accumulated depreciation for:				
Plant	4,717,046	204,907	-	4,921,953
Equipment	351,066	11,249	-	362,315
Vehicles	492,292	2,388	-	494,680
Capital assets being depreciated, net	<u>5,560,404</u>	<u>218,544</u>	<u>-</u>	<u>5,778,948</u>
	<u>\$ 5,783,432</u>			<u>\$ 6,086,962</u>
Business-type activities capital assets, net	<u>\$ 5,993,768</u>			<u>\$ 6,153,645</u>

CITY OF AURORA, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019 as it relates to the business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue Bonds	\$ 790,000	\$ -	\$ 190,000	\$ 600,000	\$ 195,000
Compensated Absences	2,549	28,586	19,546	11,589	11,589
Total Business-Type	\$ 792,549	\$ 28,586	\$ 209,546	\$ 611,589	\$ 206,589
Due and payable within one year					
Revenue Bonds				\$ 195,000	
Compensated Absences				11,589	
Total due within one year				206,589	
Due and payable in more than one year					
Revenue bond				405,000	
				\$ 611,589	

The Proprietary Fund long-term debt as of December 31, 2019 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.	\$ 600,000

CITY OF AURORA, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E – LONG-TERM DEBT (Continued)

The annual requirements to amortize bonded debt as of December 31, 2019 follow:

Year Ending December 31,	Principal	Sewer Fund Interest	Totals
2020	\$ 195,000	\$ 30,000	\$ 225,000
2021	200,000	20,250	220,250
2022	205,000	10,250	215,250
	<u>\$ 600,000</u>	<u>\$ 60,500</u>	<u>\$ 660,500</u>

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Capital Leases -					
1996 Spartan Aerial Ladder truck at 3.67% at a cost of \$ 230,200	\$ 31,658	\$ -	\$ 31,658	\$ -	\$ -
Cad server system at 3.955 % at a cost of \$ 130,788	28,076	-	28,076	-	-
2017 Ford Expedition at 3.51% interest cost of \$39,328	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	-	26,172	53,828	26,664
2019 Lease Purchase Agreement for improvements of S. Lincoln Stormwater project. Payments are semiannual principal and interest at 3.20% of approximately \$ 134,000 per year. Final payment is May 1, 2022	-	379,000	59,900	319,100	124,600
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	1,589,100	-	307,400	1,281,700	308,700
Total Capital Lease and COP's	<u>1,741,940</u>	<u>379,000</u>	<u>466,312</u>	<u>1,654,628</u>	<u>459,964</u>
Compensated Absences	<u>73,690</u>	<u>100,743</u>	<u>51,668</u>	<u>122,765</u>	<u>31,230</u>
Total Governmental Activities	<u>\$ 1,815,630</u>	<u>\$ 479,743</u>	<u>\$ 517,980</u>	<u>\$ 1,777,393</u>	<u>\$ 491,194</u>

CITY OF AURORA, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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.

Assets	Governmental Activities
Buildings	\$ 4,187,815
Equipment	243,988
Less: Accumulated Depreciation	<u>(1,371,540)</u>
Total	<u><u>\$ 3,060,263</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:

Year Ending December 31,	Total
2020	\$ 491,398
2021	491,123
2022	404,912
2023	<u>335,673</u>
Total minimum lease payment	1,723,106
Less: amount representing interest	<u>(68,478)</u>
Present value of minimum lease payments	<u><u>\$ 1,654,628</u></u>

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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>2019 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, 2019

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Employees covered by benefit terms

At June 30, 2019, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	53
Active employees	48
Total	135

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 9.4 % General, .9% Fire and 9.5% Police of annual covered payroll.

Net Pension Liability

The employer’s net pension liability was measured as June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

Actuarial assumptions

The total pension liability in the February 28, 2019, 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 investment

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, 2019

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 2019. 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	39.00%	4.16%
Fixed Income	28.00%	0.89%
Real Assets	33.00%	2.09%

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, 2019

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2018	\$ 6,406,494	\$ (7,727,589)	\$ (1,321,095)
Changes for the year:			
Service Cost	203,636	-	203,636
Interest	464,367	-	464,367
Changes in Assumptions	-	-	-
Difference between expected and actual Contribution - employer	115,593	-	115,593
Contribution - employee	-	(151,911)	(151,911)
Net investment income	-	-	-
Benefit payments, including refunds	(206,525)	(512,940)	(512,940)
Administrative expense	-	207,251	726
Other changes	-	11,351	11,351
Net changes	577,071	(449,458)	127,613
Balances at 6/30/2019	<u>\$ 6,983,565</u>	<u>\$ (8,177,047)</u>	<u>\$ (1,193,482)</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.

Current Single Discount	
1% Decrease	1% Increase
6.25%	8.25%
\$ (80,077)	\$ (2,093,861)
<u>7.25%</u>	<u>7.25%</u>
<u>\$ (1,193,482)</u>	<u>\$ (1,193,482)</u>

CITY OF AURORA, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019 the employer recognized pension expense of \$ 188,776. 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	\$ 125,511	\$ (54,033)
Differences in assumptions	5,004	(13,168)
Excess(deficit) in investment returns	-	(227,809)
Contributions subsequent to the measurement date*	78,064	
Total	\$ 208,579	\$ (295,010)

*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:	
2020	\$ (30,417)
2021	(94,742)
2022	(45,291)
2023	6,626
2024	(598)
Thereafter	(73)
Total	\$ (164,495)

Payable to the Pension Plan

At December 31, 2019, the City of Aurora reported a payable of \$ 11,698.41 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

NOTE K – TRANSFER BETWEEN FUNDS

The transfers from the Transportation Fund and Park/Storm Water Fund each (\$ 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, 2019, the amount of defeased debt outstanding amounted to \$ 1,300,000.

NOTE N – 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, 2019:

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 2019, will be effective for the City beginning after December 15, 2019. 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.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2019, will be effective for the City for reporting periods beginning after June 15, 2019. 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 2019, will be effective for the City for reporting periods beginning after December 15, 2019. The primary objectives 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.

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 objectives 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.

GASB Statement No. 91. Issued May 2019, will be effective for the City beginning after December 15, 2020. The primary objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation: establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The City did not have any changes to report for the year ending December 31, 2019 upon adopting GASB 83, 84, 88, 89, 90 and 91.

CITY OF AURORA, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

The Statements which might impact the City is as follows:

GASB Statement No. 87, *Leases*, issued June 2019, 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.

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, 2019

REVENUES	General Fund				Variance With Final Budget
	Budget		Actual	Final Budget	
	Original	Final			
Property taxes	\$ 306,000	\$ 306,000	\$ 275,597	\$	(30,403)
Franchise taxes	911,500	911,500	901,730		(9,770)
Sales taxes	1,165,000	1,165,000	1,135,071		(29,929)
Use taxes	168,000	168,000	216,457		48,457
Financial institutional tax	2,600	2,600	405		(2,195)
Licenses & permits	38,000	38,000	31,090		(6,910)
Fines & forfeitures	91,850	91,850	86,567		(5,283)
Cemetery-sale of plots	45,000	45,000	23,800		(21,200)
Interest	-	-	270		270
Insurance claims	-	-	3,494		3,494
Grants	42,600	42,600	34,066		(8,534)
Donations	-	-	1,068		1,068
Street cuts	-	-	9,752		9,752
Miscellaneous	182,349	182,349	30,936		(151,413)
Total Revenues	2,952,899	2,952,899	2,750,303		(202,596)
EXPENDITURES					
Current:					
General government	325,490	325,490	342,162		(16,672)
Police and courts	1,212,318	1,212,318	1,125,431		86,887
Fire	522,123	522,123	501,823		20,300
E-911	248,055	248,055	253,384		(5,329)
Cemetery care	102,567	102,567	105,901		(3,334)
Finance and economic development	208,135	208,135	195,175		12,960
Code enforcement	228,638	228,638	207,187		21,451
Capital outlay	130,500	130,500	107,230		23,270
Debt service:					
Principal	44,764	44,764	44,764		-
Interest	896	896	896		-
Total Expenditures	3,023,486	3,023,486	2,883,953		139,533
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(70,587)	(70,587)	(133,650)		(63,063)
OTHER FINANCING SOURCES (USES)					
Transfers In	133,000	133,000	132,800		(200)
NET CHANGE IN FUND BALANCE	\$ 62,413	\$ 62,413	(850)		\$ (63,263)
FUND BALANCES - BEGINNING					
FUND BALANCES - ENDING			1,914,336		
			\$ 1,913,486		

CITY OF AURORA, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES,
CHANGES IN FUND BALANCES
-BUDGET AND ACTUAL- MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Transportation Fund				
	Budget		Final	Actual	Variance With Final Budget
	Original	\$			
REVENUES					
Sales tax	\$ 585,000	\$	585,000	567,918	\$ (17,082)
Missouri motor fuel taxes	315,000		315,000	306,408	(8,592)
Insurance claims	-		-	20,584	20,584
Grants	150,000		150,000	85,484	(64,516)
Street cuts	-		-	18,111	18,111
Miscellaneous	2,700		-	4,845	4,845
Total Revenues	<u>1,052,700</u>		<u>1,050,000</u>	<u>1,003,350</u>	<u>(46,650)</u>
EXPENDITURES					
Current:					
Street	653,949		653,949	602,085	51,864
Airport	11,450		11,450	7,851	3,599
Capital Outlay	387,167		387,167	355,699	31,468
Total Expenditures	<u>1,052,566</u>		<u>1,052,566</u>	<u>965,635</u>	<u>86,931</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	134		(2,566)	37,715	40,281
OTHER FINANCING SOURCES (USES)					
Transfers (Out)	-		-	(28,000)	(28,000)
NET CHANGE IN FUND BALANCE	<u>\$ 134</u>	<u>\$</u>	<u>(2,566)</u>	<u>9,715</u>	<u>\$ 12,281</u>
FUND BALANCE-BEGINNING				<u>704,049</u>	
FUND BALANCE - ENDING		<u>\$</u>	<u>713,764</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, 2019

REVENUES	Park/Storm Water Fund				Variance With Final Budget
	Budget		Actual	Final Budget	
	Original	Final			
Sales tax	\$ 585,000	\$ 585,000	\$ 567,911	\$ (17,089)	
Park activities	32,000	32,000	29,480	(2,520)	
Interest	-	-	3,605	3,605	
Donations	-	-	1,148	1,148	
Miscellaneous	-	-	1,220	1,220	
Total Revenues	617,000	617,000	603,364	(13,636)	
EXPENDITURES					
Current:					
Park	359,038	359,038	284,486	74,552	
Storm water	30,750	30,750	1,547	29,203	
Capital Outlay	11,000	390,000	514,370	(124,370)	
Debt service:					
Principal	59,900	59,900	59,900	-	
Interest	7,041	7,041	7,041	-	
Total Expenditures	467,729	846,729	867,344	(20,615)	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	149,271	(229,729)	(263,980)	(34,251)	
OTHER SOURCES AND USES					
Transfers (out)	-	-	(28,000)	(28,000)	
Issuance costs	-	(19,000)	(19,000)	-	
Loan proceeds	-	379,000	379,000	-	
NET CHANGE IN FUND BALANCE	\$ 149,271	\$ 130,271	68,020	\$ (62,251)	
FUND BALANCE-BEGINNING			488,521		
FUND BALANCE - ENDING			\$ 556,541		

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

	2019	2018	2017	2016	2015
Total Pension Liability	\$ 203,636	\$ 201,300	\$ 193,517	\$ 183,131	\$ 157,649
Service costs	464,367	431,150	407,471	364,866	311,206
Changes in Benefit Terms	-	-	-	-	453,772
Difference between expected and actual experience	115,593	38,843	(89,679)	(39,744)	(91,055)
Changes in Assumptions	-	-	(51,952)	242,364	(15,242)
Benefit payments, including refunds	(206,525)	(221,722)	(149,660)	(90,465)	(87,031)
Net change in total pension liability	577,071	449,571	309,697	660,152	729,299
Total Pension Liability-beginning	6,406,494	5,956,923	5,647,226	4,987,104	4,257,805
Total Pension Liability-ending	\$ 6,983,565	\$ 6,406,494	\$ 5,956,923	\$ 5,647,256	\$ 4,987,104
Plan Fiduciary Net Position	\$ (151,911)	\$ (135,131)	\$ (126,480)	\$ (135,506)	\$ (120,405)
Contributions - employer	-	-	(55,675)	-	-
Contributions - employee	(512,940)	(887,009)	(756,208)	12,265	(115,480)
Changes in assumptions	207,251	221,722	149,660	-	-
Pension Plan Administrative Expense	11,351	8,538	7,923	7,573	8,761
Other (Net Transfer)	(3,209)	(6,056)	33,209	33,696	(159,669)
Net change in plan fiduciary net position	(449,458)	(797,936)	(750,983)	8,493	(299,762)
Plan Fiduciary Net Position-beginning	(7,727,589)	(6,929,653)	(6,178,670)	(6,187,163)	(5,887,401)
Plan Fiduciary Net Position-ending	\$ (8,177,047)	\$ (7,727,589)	\$ (6,929,653)	\$ (6,178,670)	\$ (6,187,163)
Net Pension Liability/(Asset)	\$ (1,193,482)	\$ (1,321,095)	\$ (972,730)	\$ (531,414)	\$ (1,200,059)
Plan fiduciary net position as a percentage of the total pension liability	17.09%	20.62%	16.33%	9.41%	24.06%
Covered payroll	\$ 1,821,236	\$ 1,804,697	\$ 1,856,987	\$ 1,698,505	\$ 1,658,498
Net Pension liability as a percentage of covered payroll	-65.53%	-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
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%
2019	158,377	158,377	-	1,923,122	8.24%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2019

Notes: The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 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 13 to 15 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, 2019

ASSETS	UDAG Fund	TIF Fund	Total
Cash and cash equivalents	\$ 2,357	\$ 2,064	\$ 4,421
TOTAL ASSETS	\$ 2,357	\$ 2,064	\$ 4,421
LIABILITIES			
Other liabilities	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
FUND BALANCES			
Restricted	2,357	2,064	4,421
Total Fund Balances	2,357	2,064	4,421
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,357	\$ 2,064	\$ 4,421

CITY OF AURORA, MISSOURI
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES -
 NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	UDAG Fund	TIF Fund	Total
REVENUES;			
Sales tax	-	\$ 11,123	\$ 11,123
Total Revenues	-	11,123	11,123
EXPENDITURES:			
Current:			
UDAG	1,184	-	1,184
Developer	-	9,259	9,259
Total Expenditures	1,184	9,259	10,443
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	(1,184)	1,864	680
TRANSFERS			
Transfer in	-	200	200
FUND BALANCES - BEGINNING	3,541	-	3,541
FUND BALANCES - ENDING	\$ 2,357	\$ 2,064	\$ 4,421