
Town of Aurora

Aurora, North Carolina

Financial Statements

June 30, 2020

TOWN OF AURORA

AURORA, NORTH CAROLINA

Mayor

Clif Williams

Town Commissioners

Brad Lee

John Farrow

W.C Boyd

Jeff Peed

Town Clerk

Sandra Sartin

Town of Aurora, North Carolina
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June 30, 2020

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LARRY E. CARPENTER, CPA, PA

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Aurora, North Carolina

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 Town of Aurora, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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 the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Member:

American Institute of Certified Public Accountants, NC Association of Certified Public Accountants
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Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds of Town of Aurora, North Carolina as of June 30, 2020, and the respective changes in financial position, and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance 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 on pages 4 through 11 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions on pages 42 and 43, respectively, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Aurora, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were 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 the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021 on our consideration of the Town of Aurora's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Aurora's internal control over financial reporting and compliance.

Larry E. Carpenter, CPA, PA

Greenville, NC

February 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Aurora, we offer readers of the Town of Aurora's financial statements this narrative overview and analysis of the financial activities of the Town of Aurora for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

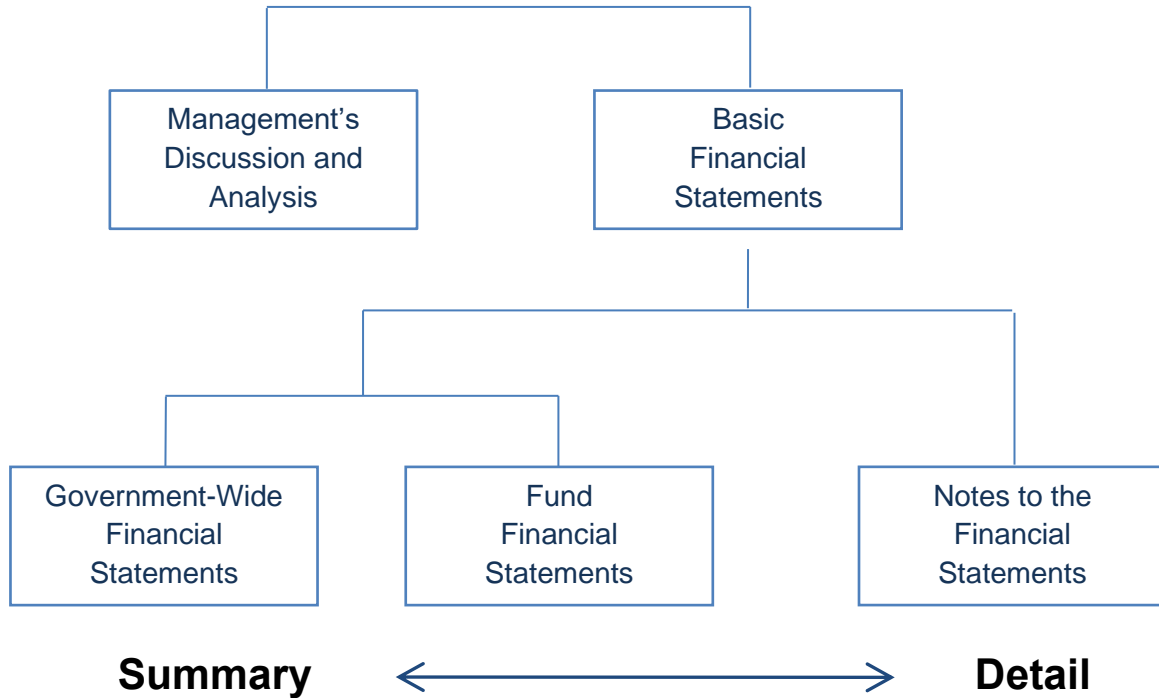
Financial Highlights

- The assets and deferred outflows of resources of the Town of Aurora exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,953,318 (*net position*).
- The government's total net position increased by \$153,486 primarily due to a decrease in both the governmental and the business-type activities net position.
- As of the close of the current fiscal year, the Town of Aurora's governmental funds reported combined ending fund balances of \$491,773 with a net change of \$18,034 in fund balance. Approximately 64.90% of this total amount, or \$319,146, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$319,146 or 67.55% of total general fund expenditures for the fiscal year.
- At end of the current year, the Town had Restricted Reserves of \$71,700.
- The Town of Aurora had no debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Aurora's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Aurora.

Components of the Annual Financial Report
Figure 1:



Basic Financial Statements

The first two statements (Exhibits A-1 and A-2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits A-3 through A-11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Management's Discussion and Analysis
Town of Aurora

Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, cultural and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Aurora.

The government-wide financial statements are on Exhibits A-1 and A-2 of this report.

Fund financial statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. 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 Town of Aurora, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Aurora can be divided three categories: governmental funds, proprietary funds, and the fiduciary fund.

Governmental Funds: Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Aurora adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council; 2)

Management's Discussion and Analysis
Town of Aurora

the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds: Town of Aurora has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Aurora uses enterprise funds to account for its water and sewer activity. This fund is the same function as shown in the business-type activities in the Statement of Net Position and the Statement of Activities

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town uses one fiduciary fund, which is an agency fund.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Town of Aurora's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 530,719	\$ 440,394	\$ 149,646	\$ 127,890	\$ 680,365	\$ 568,284
Pension assets						
Capital assets	819,207	815,391	524,224	401,581	1,343,431	1,216,972
Deferred outflow s of resources	25,894	33,539	-	18,060	25,894	51,599
Total assets and deferred outflow s of resources	1,375,820	1,337,747	673,870	569,906	2,049,690	1,836,855
Current liabilities	12,430	33,847	6,938	35,078	19,368	68,925
Noncurrent liabilities	37,987	43,485	20,455	23,415	58,442	66,900
Deferred inflow s of resources	4,216	2,580	2,270	1,390	6,486	3,970
Total liabilities and deferred inflow of resources	54,633	50,623	29,663	57,198	84,296	139,795
Net investment in capital assets	819,207	836,806	524,224	306,368	1,343,431	1,143,174
Restricted	94,728	75,078	-	-	94,728	75,078
Unrestricted	407,252	396,655	107,907	5,532	515,159	402,187
Total net position	\$ 1,321,187	\$ 1,287,124	\$ 632,131	\$ 407,113	\$ 1,953,318	\$ 1,620,439

Management's Discussion and Analysis
Town of Aurora

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Aurora exceeded liabilities by \$1,953,318 as of June 30, 2020. The Town's net position increased by \$153,486 for the fiscal year ended June 30, 2020. However, the largest portion, \$1,343,431 or 68.78%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Aurora uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Aurora's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Aurora's net position, \$71,700 or 0.05% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$515,159 or 79.05% is unrestricted.

Town of Aurora's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 44,961	\$ 58,214	\$229,694	\$131,267	\$ 287,908	\$ 189,481
Operating grants and contributions	172,917	108,553	147,494	115,500	256,047	224,053
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	155,748	135,653			135,653	135,653
Other taxes	189,421	185,643			185,643	185,643
Unrestricted intergovernmental	281	-			-	-
Investment earnings	567	720	43	152	763	872
Other	12,681	5,190	16,431	2,552	21,621	7,742
Total revenues	<u>576,576</u>	<u>493,973</u>	<u>393,662</u>	<u>249,471</u>	<u>887,635</u>	<u>743,444</u>
Expenses:						
General government	172,210	161,567			172,210	161,567
Public safety	10,560	60,503			10,560	60,503
Transportation	28,310	26,293			28,310	26,293
Economic and physical development	6,975	7,271			6,975	7,271
Environmental protection	152,571	150,354			152,571	150,354
Culture and recreation	171,887	35,878			171,887	35,878
Interest on long-term debt	-	-			-	-
Water and sewer			274,239	237,049	274,239	237,049
Total expenses	<u>542,513</u>	<u>441,866</u>	<u>274,239</u>	<u>237,049</u>	<u>816,752</u>	<u>678,915</u>
Increase in Net Position before transfers	34,063	52,107	119,423	12,422	70,883	64,529
Transfers	-	-	-	-	-	-
Increase (decrease) in Net Position	34,063	52,107	119,423	12,422	153,486	64,529
Net Position, July 1	<u>1,287,124</u>	<u>1,235,017</u>	<u>512,708</u>	<u>394,691</u>	<u>1,799,832</u>	<u>1,629,708</u>
Net Position, June 30	<u>\$1,321,187</u>	<u>\$1,287,124</u>	<u>\$632,131</u>	<u>\$407,113</u>	<u>\$1,953,318</u>	<u>\$1,694,237</u>

Management's Discussion and Analysis
Town of Aurora

Business-type activities: Business-type activities increased the Towns' net assets by \$119,423 accounting for 3.51% of the total growth in the government's net assets.

Financial Analysis of the Town's Funds

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

Governmental Funds: The focus of the Town of Aurora's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Aurora's financing requirements.

The general fund is the chief operating fund of the Town of Aurora. At the end of the current fiscal year, the Town of Aurora's fund balance available in the General Fund was \$319,146 while total fund balance reached \$413,874. The Town currently has an available fund balance of 67.55% of general fund expenditures, while total fund balance represents 87.60% of the same amount.

At June 30, 2020, the governmental funds of the Town of Aurora reported a combined fund balance of \$491,773 with a net increase in fund balance of \$18,034.

General Fund Budgetary Highlights:

During the fiscal year, the Town revises the budget if needed. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Proprietary funds: The Town of Aurora's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$632,131.

Capital Asset and Debt Administration

Capital assets: The Town of Aurora's investment in capital assets for its governmental and business—type activities as of June 30, 2020, totaled \$1,343,431 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Town of Aurora's Capital Assets
(Net of Depreciation)
Figure 4

Town of Aurora's Capital Assets
(Net of Depreciation)
Figure 4

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 653,193	\$ 653,193	\$ 2,000	\$ 2,000	\$ 655,193	\$ 655,193
Construction in Progress	-	-	258,430	115,500	258,430	115,500
Buildings	59,097	70,373	-	-	59,097	70,373
Improvements	41,700	18,471	-	-	41,700	18,471
Equipment	10,122	12,770	21,806	25,756	31,927	38,526
Vehicles	4,950	7,156	-	-	4,950	7,156
Infrastructure	50,145	53,428	-	-	50,145	53,428
Plant and distribution system	-	-	241,989	258,325	241,989	258,325
Capital assets, net	<u>\$819,207</u>	<u>\$815,391</u>	<u>\$524,224</u>	<u>\$401,580</u>	<u>\$1,343,431</u>	<u>\$1,216,972</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the general condition of the Town. The economic crisis of prior years' continues to contribute to the factors below:

- The Town of Aurora had a population of 520 as of July 1, 2020. Aurora ranks in the upper quartile for Diversity Index when compared to the other cities, towns and Census Designated Places (CDPs) in North Carolina.
- The median household income based on the 2010 Census for the Town is \$ 30,972 whereas Beaufort County is \$ 41,101. The national median household income is \$59,039 Aurora's median income is only 52% of the U.S. median.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time. Electric revenues and expenditures are expected to remain constant so no increase or decrease in rate is being considered at this time.

Management's Discussion and Analysis
Town of Aurora

Governmental activities: Property taxes (benefiting from the economic growth) and revenues from charges for services are expected to lead the increase in budgeted revenue by 5%. The Town will use these increases in revenues to finance programs currently in place. Management has seen some improvement in areas that were affected by the recession and anticipates more growth in coming years.

Budgeted expenditures in the General Fund are expected to decrease approximately 8% the largest decreases are in General Government and Public Safety.

The Town has chosen to appropriate fund balance in the fiscal year 2020 budget. Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the:

Finance Officer
Town of Aurora
PO Box 86
Aurora, NC 27806

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Aurora, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 409,475	\$ 82,707	\$ 492,182
Taxes receivable, net	26,516	--	26,516
Accounts receivable, net	21,713	39,589	61,302
Due from other governments	1,315	1,331	2,646
Restricted cash and cash equivalents	71,700	26,019	97,719
Total Current Assets	530,719	149,646	680,365
<i>Noncurrent Assets</i>			
Land and other nondepreciable assets	653,193	260,430	913,623
Other capital assets, net of depreciation	166,014	263,794	429,808
Total Assets	1,349,926	673,870	2,023,796
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	25,894	13,943	39,837
Total Deferred Outflows of Resources	25,894	13,943	39,837
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	12,430	6,938	19,368
Customer deposits	--	26,019	26,019
Total Current Liabilities	12,430	32,957	45,387
<i>Noncurrent Liabilities</i>			
Net pension liability	37,987	20,455	58,442
Total Liabilities	50,417	53,412	103,829
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	4,216	2,270	6,486
Total Deferred Inflows of Resources	4,216	2,270	6,486
NET POSITION			
Net investment in capital assets	819,207	524,224	1,343,431
<i>Restricted for:</i>			
Stabilization by State Statute	23,028	--	23,028
Streets	41,481	--	41,481
Capital reserve	30,219	--	30,219
<i>Unrestricted</i>	407,252	107,907	515,159
Total Net Position	\$ 1,321,187	\$ 632,131	\$ 1,953,318

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

**Town of Aurora, North Carolina
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	172,210	4,200	33,226	--	(134,784)	--	(134,784)
Public safety	\$ 10,560	\$ 8,243	\$ --	\$ --	\$ (2,317)	\$ --	\$ (2,317)
Transportation	28,310	--	23,568	--	(4,742)	--	(4,742)
Economic and physical development	6,975	175	--	--	(6,800)	--	(6,800)
Environmental protection	152,571	29,143	--	--	(123,428)	--	(123,428)
Cultural and recreational	171,887	3,200	116,123	--	(52,564)	--	(52,564)
Total Governmental Activities	542,513	44,961	172,917	--	(324,635)	--	(324,635)
Business-type Activities:							
Water & Sewer	274,239	229,694	--	147,494	--	102,949	102,949
Total Business-type Activities	274,239	229,694	--	147,494	--	102,949	102,949
Total Primary Government	\$ 816,752	\$ 274,655	\$ 172,917	\$ 147,494	\$ (324,635)	\$ 102,949	\$ (221,686)
General Purpose Revenues and Transfers:							
Revenues							
Ad valorem taxes					155,748	--	155,748
Unrestricted intergovernmental					189,421	--	189,421
Restricted intergovernmental					281	--	281
Interest and fees					567	43	610
Miscellaneous Income					12,681	16,431	29,112
Total General Revenues and Transfers					358,698	16,474	375,172
Change in Net Position					34,063	119,423	153,486
<i>Net Position at Beginning of Period</i>					<i>1,287,124</i>	<i>512,708</i>	<i>1,799,832</i>
Net Position at End of Period					\$ 1,321,187	\$ 632,131	\$ 1,953,318

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

Fund Financial Statement

**Town of Aurora, North Carolina
Governmental Funds
June 30, 2020**

	<u>Major Fund</u>	<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 331,576	\$ 77,899	\$ 409,475
Taxes receivable, net	26,516	--	26,516
Accounts receivable, net	21,713	--	21,713
Due from other governments	1,315	--	1,315
Restricted cash and cash equivalents	71,700	--	71,700
Total Assets	<u>452,820</u>	<u>77,899</u>	<u>530,719</u>
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Assets and Deferred Outflows of Resources	<u>\$ 452,820</u>	<u>\$ 77,899</u>	<u>\$ 530,719</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 12,430	\$ --	\$ 12,430
Total Liabilities	12,430	--	12,430
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	26,516	--	26,516
Total Liabilities and Deferred Inflows of Resources	<u>38,946</u>	<u>--</u>	<u>38,946</u>
FUND BALANCE			
Restricted			
Stabilization by State Statute	23,028	--	23,028
Streets	41,481	--	41,481
Capital reserve	30,219	--	30,219
Assigned	--	77,899	77,899
Unassigned	319,146	--	319,146
Total Fund Balance	<u>413,874</u>	<u>77,899</u>	<u>491,773</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 452,820</u>	<u>\$ 77,899</u>	<u>\$ 530,719</u>

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

Town of Aurora, North Carolina
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Amounts for governmental activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds	\$	491,773
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		819,207
Net Pension Liability		(37,987)
Deferred outflows of resources related to pensions are not reported in the funds		25,894
Deferred inflows of resources related to pensions are not reported in the funds		(4,216)
Earned revenues considered deferred inflows of resources in fund statements.		26,516
Total Net Position-Governmental Funds	\$	<u>1,321,187</u>

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

Town of Aurora, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	<u>Major Fund</u> <u>General Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues			
Ad valorem taxes	\$ 139,752	\$ --	\$ 139,752
Unrestricted intergovernmental	189,421	--	189,421
Restricted intergovernmental	57,075	70,840	127,915
Sales and services	36,721	--	36,721
Grants & contributions	45,283	--	45,283
Miscellaneous Income	20,905	16	20,921
Interest and fees	567	--	567
Total Revenues	<u>489,724</u>	<u>70,856</u>	<u>560,580</u>
Expenditures			
General government	155,614	--	155,614
Public safety	9,344	--	9,344
Transportation	24,537	--	24,537
Economic and physical development	6,975	--	6,975
Environmental protection	174,614	--	174,614
Cultural and recreational	101,376	70,086	171,462
Total Expenditures	<u>472,460</u>	<u>70,086</u>	<u>542,546</u>
Excess of Revenues Over (Under) Expenditures	<u>17,264</u>	<u>770</u>	<u>18,034</u>
Other Financing Sources (Uses)			
Transfers from other funds	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	17,264	770	18,034
<i>Fund Balance at Beginning of Period</i>	396,610	77,129	473,739
Fund Balance at End of Period	<u>\$ 413,874</u>	<u>\$ 77,899</u>	<u>\$ 491,773</u>

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

Town of Aurora, North Carolina
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2020

Amounts for governmental activities in the Statement of Activities are different because:

Total Net Change in Fund Balances - Governmental Funds	\$	18,034
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		3,816
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		15,996
--	--	--------

Pension expense		(3,783)
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Changes in Net Position-Governmental Funds	\$	<u>34,063</u>
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The accompanying notes are an integral part of the financial statements.

Town of Aurora, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem taxes	\$ 144,600	\$ 144,600	\$ 139,752	\$ (4,848)
Unrestricted intergovernmental	167,850	167,850	189,421	21,571
Restricted intergovernmental	56,500	56,500	57,075	575
Sales and services	46,550	46,550	36,721	(9,829)
Grants and contribution	--	--	45,283	45,283
Miscellaneous Income	84,711	84,711	20,905	(63,806)
Interest and fees	225	225	568	343
Total Revenues	500,436	500,436	489,725	(10,711)
Other Financing Sources				
Total Revenues and Other Financing Sources	500,436	500,436	489,725	(10,711)
Expenditures				
General government	164,524	164,524	155,615	8,909
Public safety	17,916	17,916	9,344	8,572
Transportation	24,800	24,800	24,537	263
Economic and physical development	7,150	7,150	6,975	175
Environmental protection	183,476	183,476	174,614	8,862
Cultural and recreational	102,570	102,570	101,376	1,194
Total Expenditures	500,436	500,436	472,461	27,975
Other Financing Uses				
Total Expenditures and Other Financing Uses	500,436	500,436	472,461	27,975
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	17,264	17,264
Net Change in Fund Balance	\$ --	\$ --	17,264	\$ 17,264
<i>Fund Balance at Beginning of Period</i>			396,610	
Fund Balance at End of Period			\$ 413,874	

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

Town of Aurora, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2020

		Business-type Activities - Enterprise Funds
		<u>Water and Sewer</u>
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$	82,707
Accounts receivable, net		39,589
Due from other governments		1,331
Restricted cash and cash equivalents		26,019
Total Current Assets		<u>149,646</u>
<i>Noncurrent Assets</i>		
Land and other nondepreciable assets		260,430
Other capital assets, net of depreciation		263,794
Total Assets		<u>673,870</u>
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows		13,943
Total Deferred Outflows of Resources		<u>13,943</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities		6,938
Customer deposits		26,019
Total Current Liabilities		<u>32,957</u>
<i>Noncurrent Liabilities</i>		
Net pension liability		20,455
Total Liabilities		<u>53,412</u>
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows		2,270
Total Deferred Inflows of Resources		<u>2,270</u>
NET POSITION		
Net investment in capital assets		524,224
<i>Unrestricted</i>		107,907
Total Net Position	\$	<u>632,131</u>

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

Town of Aurora, North Carolina
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds
	Water and Sewer
Operating Revenues	
Sales and services	\$ 229,694
Miscellaneous Income	16,431
Total Operating Revenues	246,125
Operating Expenses	
Water and sewer operations	253,952
Depreciation	20,287
Total Operating Expenses	274,239
Operating Income (Loss)	(28,114)
Non-Operating Revenues (Expenses)	
Interest and fees	43
Net Non-Operating Revenues (Expenses)	43
Income Before Contributions and Transfers	(28,071)
Capital contributions	147,494
Change In Net Position	119,423
<i>Net Position at Beginning of Period</i>	<i>512,708</i>
Net Position at End of Period	\$ 632,131

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

Town of Aurora, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds
	Water & Sewer Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 227,374
Cash paid for goods and services	(128,965)
Cash paid to/on behalf of employees	(123,344)
Customer deposits, net	(629)
Other operating revenue	16,431
Net cash provided (used) by operating activities	(9,133)
Cash Flows from Noncapital Financing Activities:	
Transfers to (from) other funds	-
Cash Flows from Capital and Related Financing Activities:	
Cash Flows From Capital and Related Financing Activities	
Capital contributions	149,081
Acquisition and construction of capital assets	(142,930)
Net cash provided (used) by capital and related financing activities	6,151
Cash Flows from Investing Activities:	
Investment income received	43
Net increase (decrease) in cash and cash equivalents	(2,939)
Cash and Cash Equivalents - Beginning of Year	111,665
Cash and Cash Equivalents - End of Year	\$ 108,726
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (28,071)
Depreciation	20,287
Change in assets and liabilities:	
(Increase) decrease in accounts receivables	(2,320)
Increase (decrease) in accounts payable and accrued liabilities	1,323
Increase (decrease) in customer deposits	(629)
Increase in deferred outflows of resources for pensions	4,117
Increase (decrease) in net pension liability	(2,960)
Increase in deferred inflows of resources - pension	(880)
Net cash provided (used) by operating activities	\$ (9,133)

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

**Town of Aurora, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	Agency
	Richland Fire & Rescue District
ASSETS	
Cash and cash equivalents	\$ 395,530
<i>Total Assets</i>	<i>395,530</i>
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
<i>Total Deferred Outflows of Resources</i>	<i>--</i>
LIABILITIES	
<i>Total Liabilities</i>	<i>--</i>
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	--
<i>Total Deferred Inflows of Resources</i>	<i>--</i>
NET POSITION	
Held in Trust	\$ 395,530

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

Notes to The Financial Statements

Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

NOTE I — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Aurora conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Aurora is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the financial information of the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category — governmental and proprietary — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following fund type:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, intergovernmental revenues, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance, and sanitation services.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations.

The Town reports the following non-major governmental fund:

Recreational Fund. This fund is used to account for funds received that are restricted for maintaining the Town's Park and Recreation.

The Town reports the following fund type:

Agency Fund. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Town holds on behalf of others. The Town maintains the following agency fund: Richland Fire and Rescue District.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, 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 operations. The principal operating revenues of the Town enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds 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 expense

Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Aurora because the tax is levied by Beaufort County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Finance Officer has the authority to amend appropriations within departments. All other amendments must be approved by the governing board

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town 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.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening local streets per G.S. 136-41.1 through 136-41.4. Customer deposits are classified as restricted cash because they must be returned to the customer at the conclusion of service.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory & Prepaid Items

Inventories are not maintained as they are considered immaterial. Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements and expenses as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20
Buildings	30
Improvements	25
Vehicles	5
Furniture and equipment	7-10
Computer equipment	3
Computer software	5

8. Deferred outflows/inflows 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 and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2020 fiscal year. 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 and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category—property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In 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.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government wide and proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned. The Town has assumed a first in, first out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year (if applicable) has been designated as a current liability in the government wide financial statements.

The Town's sick leave policy provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligations for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance — This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town does not have any nonspendable fund balances for the governmental fund types.

Restricted Fund Balance — This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute — portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Streets—Powell Bill — portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance — portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Aurora's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or otherwise revise the limitation.

Assigned Fund Balance — portion of fund balance that the Town of Aurora intends to use for specific purposes.

Subsequent years' expenditures— portion of fund balance that is appropriated in the next years' budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance — the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to / deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Aurora employer contributions are recognized when due and the Town of Aurora has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

NOTE II—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes
NONE

2. Contractual Violations
NONE

3. Deficit in Fund Balance or Net Position of Individual Funds
NONE

4. Excess of Expenditures Over Appropriations
NONE

NOTE III—DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$985,246 and a bank balance of \$997,251. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. All of the bank balance was covered by federal depository insurance. The Town had a petty cash amount of \$185.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

Receivables— Allowance for Doubtful Accounts

General Fund:	
Taxes receivable	\$ 12,000
Accounts receivable, net	-
Total	12,000
Enterprise Fund:	
Other receivables	-
Total	-
Grand Total	\$ 12,000

2. Capital Assets

Governmental Capital Assets

A summary of changes in the Town's capital assets used in governmental activities follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 653,193	\$ -	\$ -	\$ 653,193
Total capital assets not being depreciated	653,193	-	-	653,193
Capital assets being depreciated:				
Buildings	564,141	-	-	564,141
Improvements	19,650	24,505	-	44,155
Equipment	233,787	-	-	233,787
Vehicles	139,185	-	-	139,185
Infrastructure	99,560	-	-	99,560
Total capital assets being depreciated	1,056,323	24,505	-	1,080,828
Less accumulated depreciation for:				
Buildings	493,768	11,276	-	505,044
Improvements	1,179	1,276	-	2,455
Equipment	221,017	2,648	-	223,665
Vehicles	132,029	2,206	-	134,235
Infrastructure	46,132	3,283	-	49,415
Total accumulated depreciation	894,125	\$ 20,689	\$ -	914,814
Total capital assets being depreciated, net	162,198			166,014
Governmental activity capital assets, net	\$ 815,391			\$ 819,207

Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

Depreciation expense was charged to the functions as follows:

General Government	\$	12,813
Public Safety		1,216
Environmental		2,462
Cultural & Recreation		425
Streets		3,773
Total	\$	<u>20,689</u>

Enterprise Fund Capital Assets

A summary of changes in the Town's capital assets used in business-type activities follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Construction in Progress	115,500	142,930	-	258,430
Total capital assets not being depreciated	<u>117,500</u>	<u>142,930</u>	<u>-</u>	<u>260,430</u>
Capital assets being depreciated:				
Plant and distribution system	1,371,627	-	-	1,371,627
Equipment	160,375	-	-	160,375
Total capital assets being depreciated	<u>1,532,002</u>	<u>-</u>	<u>-</u>	<u>1,532,002</u>
Less accumulated depreciation for:				
Plant and distribution system	1,113,302	16,336	-	1,129,638
Equipment	134,619	3,950	-	138,569
Total accumulated depreciation	<u>1,247,922</u>	<u>20,287</u>	<u>-</u>	<u>1,268,208</u>
Total capital assets being depreciated, net	<u>284,080</u>			<u>263,794</u>
Business-type activity capital assets, net	<u>\$ 401,580</u>			<u>\$ 524,224</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Aurora is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members — nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.ne.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Aurora employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Aurora's contractually required contribution rate for the year ended June 30, 2020, was 6.92% of compensation for law enforcement officers and 6.92% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Aurora were \$18,723 for the year ended June 30, 2020.

Refunds of Contributions —Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2020, the Town reported a liability of \$58,442 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was .00214% which was a decrease of .00068% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense of \$24,542. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,007	\$ -
Changes of assumptions	9,525	-
Net difference between projected and actual earnings on pension plan investments	1,425	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	157	6,486
Employer contributions subsequent to the measurement date	18,723	-
Total	<u>\$ 39,837</u>	<u>\$ 6,486</u>

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

\$18,723 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 8,174
2021	1,209
2022	4,672
2023	573
2024	-
Thereafter	-
	\$ 14,628

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and Productivity factor
Investment rate of return	7.25 percent, net of pension plan investment Expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income returns projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.00%	2.5
Global Equity	40.50%	6.1
Real Estate	8.00%	5.7
Alternative	6.50%	10.5
Credit	4.50%	6.8
Inflation Protection	4.50%	3.7
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2015 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 133,667	\$ 58,442	\$ (4,086)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

c. Post-employment Benefits

The Town does not provide any post-employment benefits.

d. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end is comprised of the following:

Source	Amount
<i>Deferred outflows of resources is comprised of the following:</i>	
Contributions to pension plan in current fiscal year	18,723
Differences between expected and actual experience	10,007
Changes of assumptions	9,525
Net difference between projected and actual earnings on pension plan investments	1,425
Changes in proportion and differences between employer contributions and proportionate share of contributions	157
Total	\$ 39,837

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes Receivable less penalties (General Fund)	-	26,516
Changes in assumptions	-	-
Differences between expected and actual experience	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	6,486	-
Total	\$ 6,486	\$ 26,516

3. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriations:

Total Fund Balance-General Fund	\$ 413,874
Less:	
Stabilization by State Statute	23,028
Streets-Powell Bill	41,481
Capital Reserves	30,219
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	319,146

4. Risk Management

The Town 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 Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

The Town carries flood insurance in the amount of \$80,700 on the Town Hall building.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Long-Term Obligations

The Town's general obligations bonds serviced by the Water and Sewer Fund were issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

6. Changes in Long-Term Liabilities

a. Governmental Activities

The following is a summary of changes in the Town's Governmental activities in long-term debt:

Governmental activities

	Beginning Balance	Increases	Decreases	Ending Balance
Pension Liabilities	\$ 43,485	\$ -	\$ 5,498	\$ 37,987

b. Business-Type Activities

The following is a summary of changes in the Town's business-type activities in long term debt:

Business type activities

	Beginning Balance	Increases	Decreases	Ending Balance
Pension Liabilities	\$ 23,415	\$ -	\$ 2,960	\$ 20,455

7. Interfund Balances and Activity

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**Town of Aurora, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

NOTE IV —SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE V —SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 26, 2021 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Town of Aurora, North Carolina
Town of Aurora's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset) (%)	0.00214%	0.00282%	0.00286%	0.00373%	0.00382%	0.00343%
Proportion of the net pension liability (asset) (\$)	\$ 58,442	\$ 66,900	\$ 43,693	\$ 79,164	\$ 17,144	\$ 33,751
Covered-employee payroll	\$ 170,223	\$ 189,252	\$ 211,853	\$ 219,477	\$ 217,198	\$ 156,915
Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	34.33%	35.35%	20.62%	36.07%	7.89%	21.51%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.58%	94.18%	91.47%	98.09%	102.64%

**Town of Aurora, North Carolina
Town of Aurora's Contributions
Required Supplementary Information
Last Six Fiscal Years**

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,723	\$ 13,550	\$ 14,727	\$ 15,923	\$ 15,565	\$ 14,335
Contributions in relation to the contractually required contributions	<u>\$ 18,723</u>	<u>\$ 13,550</u>	<u>\$ 14,727</u>	<u>\$ 15,923</u>	<u>\$ 15,565</u>	<u>\$ 14,335</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Aurora's covered payroll	\$ 206,115	\$ 170,223	\$ 189,252	\$ 211,853	\$ 219,477	\$ 217,198
Contributions as a percentage of covered payroll	9.08%	7.96%	7.78%	7.52%	7.09%	6.60%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Town of Aurora, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad Valorem Taxes			
Taxes		139,211	
Interest and penalties		541	
Total	<u>144,600</u>	<u>139,752</u>	<u>(4,848)</u>
Unrestricted Intergovernmental Revenues			
Local option sales tax		150,173	
Utility franchise tax		37,132	
Beer & wine tax		2,116	
Total	<u>167,850</u>	<u>189,421</u>	<u>21,571</u>
Restricted Intergovernmental Revenues			
Powell Bill allocation		23,568	
Federal disaster assistance grant		33,226	
Solid waste tax		281	
Total	<u>56,500</u>	<u>57,075</u>	<u>575</u>
Sales and Services			
Garbage services		29,143	
Permits		175	
Facilities management		3,200	
Day care rent		4,200	
Other		3	
Total	<u>46,550</u>	<u>36,721</u>	<u>(9,829)</u>

**Town of Aurora, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Investment Earnings			
Interest		568	
Total	225	568	343
Grants and Contributions			
Recreation Donations		5,283	
Golden leaf foundation		40,000	
Total	-	45,283	45,283
Other Revenues			
Sales tax refund		3,308	
GDS Lease		8,240	
Reimbursements		4,230	
Miscellaneous		5,127	
Total	84,711	20,905	(63,806)
Total Revenue	\$ 500,436	\$ 489,725	\$ (10,711)
Expenditures			
General Government			
Governing board fees and benefits		\$ 1,831	
Total		1,831	
Administration			
Salaries and benefits		72,245	
Professional services		15,556	
Dues & subscriptions		3,793	
Training		910	
Town allocation		5,000	
Insurance & bonds		10,300	
Utilities		15,654	
Repairs & maintenance		9,342	
Supplies		3,820	
Other operating expenses		17,164	
Total General Government	164,524	155,615	8,909

Town of Aurora, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Safety			
Salaries and benefits		6,843	
Supplies		267	
Auto		-	
Repairs & maintenance		772	
Insurance		724	
Utilities		738	
Total	<u>17,916</u>	<u>9,344</u>	<u>8,572</u>
Transportation			
Salaries and benefits		19,524	
Vehicle maintenance		2,000	
Street maintenance		2,013	
Supplies		200	
Insurance		800	
Total	<u>24,800</u>	<u>24,537</u>	<u>263</u>
Economic and Physical Development			
Administration		1,325	
Maintenance and repairs		1,500	
Library allocation		4,150	
Total	<u>7,150</u>	<u>6,975</u>	<u>175</u>
Environmental Protection			
Salaries and benefits		50,809	
Auto expenses		8,842	
Supplies		2,867	
Insurance		5,878	
Repairs & maintenance		31,407	
Hurricane Expenses		40,446	
Solid waste disposal		14,812	
Utilities		19,517	
Other operating expenses		36	
Total	<u>183,476</u>	<u>174,614</u>	<u>8,862</u>
Cultural and Recreational			
Salaries and benefits		53,573	
Supplies		5,997	
Utilities		1,031	
Repairs & maintenance		39,663	
Operating expenses		1,112	
Total	<u>102,570</u>	<u>101,376</u>	<u>1,194</u>

**Town of Aurora, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Total Expenditures	<u>500,436</u>	<u>472,461</u>	<u>27,975</u>
Net change in fund balance	<u>\$ -</u>	<u>17,264</u>	<u>\$ 17,264</u>
Fund balance - July 1		<u>396,610</u>	
Fund balance - June 30		<u>\$ 413,874</u>	

Town of Aurora, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and services	\$ -	\$ 229,694	\$ -
Total		<u>229,694</u>	
Other operating revenues		<u>16,431</u>	
Total operating revenues		<u>16,431</u>	
Nonoperating revenues			
Interest earnings		<u>43</u>	
Total nonoperating revenues		<u>43</u>	
Total revenues	<u>\$ 245,150</u>	<u>246,168</u>	<u>\$ 1,018</u>
Expenditures:			
Water and sewer operations			
Salaries and benefits		123,794	
Professional services		5,400	
Electricity		19,559	
Repairs & maintenance		49,928	
Supplies		18,386	
Treatment Fee		16,595	
Insurance		9,900	
Other operating expenditures		<u>8,757</u>	
Total	<u>\$ 266,244</u>	<u>\$ 252,319</u>	<u>\$ 13,925</u>

**Town of Aurora, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Capital outlay			
Improvements		142,930	
Total	143,000	142,930	70
Total expenditures	409,244	395,249	13,995
Revenues over(under) expenditures	(164,094)	(149,081)	15,013
Other financing sources (uses)			
Capital contributions		147,494	
Total other financing resources	164,094	147,494	16,600
Revenues and other sources over expenditures and other uses	-	(1,587)	(1,587)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over (under) expenditures and other uses		(1,587)	
Reconciling items:			
Depreciation		(20,287)	
Capital outlay		147,494	
Increase (Decrease) in deferred outflows of resources - pensions		(4,117)	
(Increase) Decrease in net pension liability		(2,960)	
Decrease in deferred inflows of resources - pension		880	
Total reconciling items		\$ 121,010	
Changes in Net Position, GAAP basis		119,423	

**Town of Aurora, North Carolina
Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Richland Fire District</u>				
Assets:				
Cash and cash equivalents	\$ 416,419	\$ -	\$ 20,889	\$ 395,530
Net Position:				
Held in trust	\$ 416,419	\$ -	\$ 20,889	\$ 395,530

**Town of Aurora, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue
	Recreational Fund
ASSETS	
Cash and cash equivalents	\$ 77,899
<i>Total Assets</i>	77,899
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
<i>Total Assets and Deferred Outflows of Resources</i>	\$ 77,899
LIABILITIES	
<i>Total Liabilities</i>	--
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	--
FUND BALANCE	
Assigned	77,899
<i>Total Fund Balance</i>	77,899
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 77,899

Town of Aurora, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue
	Recreational Fund
Revenues	
Restricted intergovernmental	\$ 70,840
Miscellaneous Income	16
<i>Total Revenues</i>	70,856
Expenditures	
Cultural and recreational	70,086
<i>Total Expenditures</i>	70,086
<i>Net Change in Fund Balance</i>	770
<i>Fund Balance at Beginning of Period</i>	77,129
<i>Fund Balance at End of Period</i>	\$ 77,899

Town of Aurora, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Recreational Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Restricted intergovernmental	\$ 71,000	\$ 71,000	\$ 70,840	\$ (160)
Miscellaneous Income	--	--	16	16
Total Revenues	<u>71,000</u>	<u>71,000</u>	<u>70,856</u>	<u>(144)</u>
Other Financing Sources				
Total Revenues and Other Financing Sources	<u>71,000</u>	<u>71,000</u>	<u>70,856</u>	<u>(144)</u>
Expenditures				
Cultural and recreational	<u>71,000</u>	<u>71,000</u>	<u>70,086</u>	<u>914</u>
Total Expenditures	<u>71,000</u>	<u>71,000</u>	<u>70,086</u>	<u>914</u>
Other Financing Uses				
Total Expenditures and Other Financing Uses	<u>71,000</u>	<u>71,000</u>	<u>70,086</u>	<u>914</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>--</u>	<u>--</u>	<u>770</u>	<u>770</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>770</u>	<u>\$ 770</u>
<i>Fund Balance at Beginning of Period</i>			<u>77,129</u>	
Fund Balance at End of Period			<u>\$ 77,899</u>	

OTHER SCHEDULES

Town of Aurora, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2020	\$ -	145,813	123,516	22,297
2019	6,210	-	2,302	3,908
2018	5,169	-	1,361	3,809
2017	1,928	-	290	1,638
2016	1,400	-	352	1,049
2015	1,077	-	155	923
2014	1,209	-	161	1,048
2013	1,196	-	159	1,036
2012	1,212	-	156	1,056
2011	1,091	-	165	926
2010	983	-	157	826
	<u>21,476</u>	<u>145,813</u>	<u>128,773</u>	<u>38,516</u>

Less: Allowance for Uncollectible Accounts 12,000

Ad Valorem Taxes Receivables, Net 26,516

Reconciliation with Revenues:

Ad Valorem Tax - General Fund	139,211
Reconciling items:	
Interest collected	633
Releases and adjustments	<u>(11,071)</u>
Total Collections and Credits	<u>128,773</u>

**Town of Aurora, North Carolina
General Fund
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2020**

	Property Valuation	Rate per \$100	Total Levy	Total Levy Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property tax at current year's tax rate					
Net Valuation	<u>\$26,511,409</u>				
Net levy		<u>0.55</u>	<u>\$ 145,813</u>	<u>\$ 133,559</u>	<u>\$ 12,254</u>
Less uncollected taxes at June 30, 2020			<u>22,297</u>	<u>22,297</u>	<u>-</u>
Current year's taxes collected			<u>\$ 123,516</u>	<u>\$ 111,262</u>	<u>\$ 12,254</u>
Current levy collection percentage			<u>84.71%</u>	<u>83.31%</u>	<u>100.00%</u>

COMPLIANCE SECTION

LARRY E. CARPENTER, CPA, PA

CERTIFIED PUBLIC ACCOUNTANT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Mayor and Members of the Town Council
Aurora, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Aurora, Aurora, North Carolina, as of and for the year ended June 30, 2020, which collectively comprise the Town of Aurora's basic financial statements, and have issued our report thereon dated February 26, 2020.

Internal Control over Financial Reporting

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

Accordingly, we do not express an opinion on the effectiveness of Town of Aurora's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

Member:

American Institute of Certified Public Accountants, NC Association of Certified Public Accountants
AICPA – Governmental Audit Quality Center

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results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larry E. Carpenter, CPA, PA

February 26, 2020