

***CITY OF AURORA, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2022***

CITY OF AURORA, OREGON
CITY OFFICIALS
JUNE 30, 2022

<u><i>Name</i></u>	<i>MAYOR</i>	<u><i>Term</i></u>
Brian Asher		December 31, 2022

CITY COUNCIL MEMBERS

Tara Weidman		December 31, 2022
John Berard		December 31, 2022
Mercedes Rhoden-Feely		December 31, 2024
Wendy Veliz		December 31, 2024

CITY ADMINISTRATION

Mary Lambert, Finance Officer

Stuart A. Rodgers, City Recorder

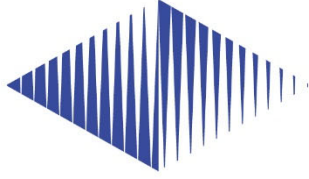
Officials and City Staff can be contacted at:

21420 Main Street NE
Aurora, Oregon 97002

CITY OF AURORA, OREGON

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GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, Oregon (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, Oregon, as of June 30, 2022, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

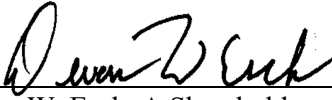
The supplementary information as listed in the table of contents are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

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

Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 6, 2023, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Devan W. Esch, A Shareholder
February 6, 2023

CITY OF AURORA, OREGON

Management's Discussion and Analysis June 30, 2022

As management of the City of Aurora, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

	June 30,		change
	2022	2021	
Net position	\$ 3,241,136	\$ 2,634,601	\$ 606,535
Change in net position	606,535	(69,925)	676,460
Governmental net position	1,262,199	1,430,230	(168,031)
Proprietary net position	1,978,937	1,204,371	774,566
Change in governmental net position	(168,031)	8,877	(176,908)
Change in proprietary net position	774,566	(78,802)	853,368

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,262,199	\$ 1,978,937	\$ 3,241,136	\$ 1,430,230	\$ 1,204,371	\$ 2,634,601
Liabilities	-	-	-	-	-	-
Net Position:						
Restricted	529,827	156,043	685,870	483,269	145,023	628,292
Unrestricted	732,372	1,822,894	2,555,266	946,961	1,059,348	2,006,309
Total Net Position	\$ 1,262,199	\$ 1,978,937	\$ 3,241,136	\$ 1,430,230	\$ 1,204,371	\$ 2,634,601

Statement of Net Position (modified cash basis). The *statement of net position* (modified cash basis) is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Aurora, assets exceeded liabilities by \$3,241,136 as of June 30, 2022.

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

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

	2022			2021		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program revenues						
Charges for service	\$ 131,573	\$ 785,249	\$ 916,822	\$ 175,141	\$ 748,647	\$ 923,788
Operating grants	158,474	-	158,474	128,314	-	128,314
Capital grants	2,740	7,575	10,315	22,785	30,300	53,085
General revenues						
Taxes and assessments	337,155	380,020	717,175	324,537	363,189	687,726
Franchise taxes	74,087	-	74,087	71,364	-	71,364
Intergovernmental	35,646	615,389	651,035	40,543	-	40,543
Miscellaneous	68,163	13,150	81,313	55,683	16,619	72,302
<i>Total revenues</i>	807,838	1,801,383	2,609,221	818,367	1,158,755	1,977,122
Expenses						
General government	231,913	-	231,913	199,952	-	199,952
Public safety	204,535	-	204,535	203,097	-	203,097
Highways and streets	85,019	-	85,019	141,295	-	141,295
Community development	454,402	-	454,402	265,146	-	265,146
Water	-	300,128	300,128	-	560,779	560,779
Sewer	-	726,689	726,689	-	676,778	676,778
<i>Total expenses</i>	975,869	1,026,817	2,002,686	809,490	1,237,557	2,047,047
Change in net position	(168,031)	774,566	606,535	8,877	(78,802)	(69,925)
Net position, beginning of year	1,430,230	1,204,371	2,634,601	1,421,353	1,283,173	2,704,526
Net position, end of year	\$ 1,262,199	\$ 1,978,937	\$ 3,241,136	\$ 1,430,230	\$ 1,204,371	\$ 2,634,601

Statement of Activities (modified cash basis). During the current fiscal year, the City's total net position increased by \$606,535 to \$3,241,136 from \$2,634,601 at the beginning of the year. The key elements of the change in the City's net position for the year ended June 30, 2022 are as follows:

Governmental activities - The City's net position decreased by \$168,031 from governmental activities. The decrease was primarily due to the increase in community development expenditures within the current year.

Business type activities - The City's net position increased by \$774,566 from business type activities. Revenues increased by \$642,628 compared to the prior year, and expenses decreased by \$210,740 compared to the prior year. The revenue increase was primarily caused by significant intergovernmental revenue received during the current year.

Financial Analysis of the City of Aurora's Funds

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

Governmental funds. The focus of the City’s governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City’s financing requirements. In particular, *fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year. As of June 30, 2022, the City’s governmental funds reported combined ending fund balances of \$1,262,199, a decrease of \$168,031 over the prior year.

Business-type funds. The business-type funds account for the City’s water and sewer operations. Revenues exceeded expenses by \$774,566 for the year ended June 30, 2022.

General Fund Budgetary Highlights

No supplemental budgets were passed by the City for the fiscal year ended June 30, 2022. The General fund expended \$575,745 less than the amount appropriated to the fund.

Significant Fund Transactions

Major Governmental Funds:

General Fund - The General Funds is the primary operating funds of the City. The fund balance was \$584,260 as of June 30, 2022. The fund balance increased \$36,486 during the current fiscal year. As a measure of the liquidity, it may be useful to compare total fund balances to total fund expenditures. Fund balance represents 101% of total expenditures.

Street/Storm Operating Fund - The Street/Storm Operating Fund accounts for street maintenance and improvements. The fund balance increased by \$19,603. This increase was due to decreases in capital outlay in the current year with revenues remaining consistent with the prior year.

City Hall Building Fund – The fund balance decreased by \$249,828 due primarily to capital outlay in the amount of \$305,824 and only \$5,996 of revenues.

Major Proprietary Operations:

Water Operations – Water operations revenues are from charges for services and expenses are for personal services, materials and services, capital acquisition and debt repayment. Net position increased \$715,415 during the year due to a significant increase in intergovernmental revenues.

Sewer Operations – Sewer operations revenues are from charges for services and expenses are for personal services, materials and services, and capital acquisition. Net position increased by \$59,151 during the year mainly due to a decrease in capital outlay expenditures within the current year.

Debt Administration

The City had total debt outstanding of \$808,212 at the end of the current fiscal year.

During the current fiscal year, the City’s total debt decreased by \$350,093 (30%) due to regularly scheduled payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The City had no general obligation debt subject to the limitation at June 30, 2022.

**City of Aurora
Outstanding Debt**

	Business-type Activities	
	2022	2021
General obligation bonds	\$ 630,000	\$ 965,000
Loans	178,212	193,305
Total	\$ 808,212	\$ 1,158,305

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

Economic Factors and the Next Year’s Budget

The City’s Budget Committee considered all the following factors while preparing the City budget for the 2022-23 fiscal year:

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

CITY OF AURORA, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2022

	<u><i>Governmental Activities</i></u>	<u><i>Business-type Activities</i></u>	<u><i>Totals</i></u>
ASSETS			
Cash and cash equivalents	\$ 1,262,199	\$ 1,978,937	\$ 3,241,136
LIABILITIES			
	-	-	-
NET POSITION			
Restricted for:			
Debt service	-	19,248	19,248
Capital acquisitions	225,040	136,795	361,835
Community development	20,354	-	20,354
Streets	284,433	-	284,433
Unrestricted	732,372	1,822,894	2,555,266
<i>Total Net Position</i>	<u>\$ 1,262,199</u>	<u>\$ 1,978,937</u>	<u>\$ 3,241,136</u>

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

CITY OF AURORA, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2022

<i>FUNCTIONS/PROGRAMS</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expenses) Revenues and Changes in Net Position</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Governmental activities:							
General government	\$ 231,913	\$ 18,937	\$ 72,822	\$ -	\$ (140,154)	\$ -	\$ (140,154)
Public safety	204,535	35,998	-	-	(168,537)	-	(168,537)
Highways and streets	85,019	33,430	84,652	2,740	35,803	-	35,803
Community development	454,402	43,208	1,000	-	(410,194)	-	(410,194)
<i>Total Governmental activities</i>	<i>975,869</i>	<i>131,573</i>	<i>158,474</i>	<i>2,740</i>	<i>(683,082)</i>	<i>-</i>	<i>(683,082)</i>
Business-type activities:							
Water	300,128	386,484	-	5,543	-	91,899	91,899
Sewer	726,689	398,765	-	2,032	-	(325,892)	(325,892)
<i>Total Business-type activities</i>	<i>1,026,817</i>	<i>785,249</i>	<i>-</i>	<i>7,575</i>	<i>-</i>	<i>(233,993)</i>	<i>(233,993)</i>
<i>Total Activities</i>	<i>\$ 2,002,686</i>	<i>\$ 916,822</i>	<i>\$ 158,474</i>	<i>\$ 10,315</i>	<i>(683,082)</i>	<i>(233,993)</i>	<i>(917,075)</i>
General Revenues:							
Property taxes					337,155	380,020	717,175
Franchise taxes					74,087	-	74,087
Intergovernmental					35,646	615,389	651,035
Miscellaneous					68,163	13,150	81,313
<i>Total General Revenues</i>					<i>515,051</i>	<i>1,008,559</i>	<i>1,523,610</i>
Change in net position					(168,031)	774,566	606,535
Net Position - beginning of year					1,430,230	1,204,371	2,634,601
Net Position - end of year					\$ 1,262,199	\$ 1,978,937	\$ 3,241,136

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

CITY OF AURORA, OREGON**BALANCE SHEET (MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS**

JUNE 30, 2022

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Street / Storm Operating</u>	<u>City Hall Building</u>	<u>Governmental Funds</u>	
ASSETS					
Cash and cash equivalents	\$ 584,260	\$ 185,721	\$ 148,112	\$ 344,106	\$ 1,262,199
LIABILITIES AND FUND BALANCE					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance					
Restricted for:					
Capital acquisitions	-	-	-	74,025	74,025
Community development	-	-	-	20,354	20,354
Streets	-	185,721	-	98,712	284,433
Committed to:					
Capital acquisitions	-	-	148,112	151,015	299,127
Unassigned	584,260	-	-	-	584,260
Total Liabilities and Fund Balance	\$ 584,260	\$ 185,721	\$ 148,112	\$ 344,106	\$ 1,262,199

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

CITY OF AURORA, OREGON

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
		<u>Revenue</u>	<u>Projects</u>		
		<u>Street / Storm</u>	<u>City Hall</u>	<u>Funds</u>	
		<u>Operating</u>	<u>Building</u>		
REVENUES					
Taxes and assessments	\$ 337,155	\$ -	\$ -	\$ -	\$ 337,155
Fines and forfeitures	35,999	-	-	-	35,999
Licenses and permits	131,584	-	4,648	3,240	139,472
Charges for services	-	18,885	-	14,544	33,429
Intergovernmental	94,468	84,652	-	-	179,120
Miscellaneous	63,327	140	-	12,026	75,493
Interest earnings	3,077	944	1,348	1,801	7,170
<i>Total Revenues</i>	<u>665,610</u>	<u>104,621</u>	<u>5,996</u>	<u>31,611</u>	<u>807,838</u>
EXPENDITURES					
Current					
General government	231,913	-	-	-	231,913
Public safety	204,535	-	-	-	204,535
Highways and streets	-	79,661	-	-	79,661
Community development	62,699	-	-	9,156	71,855
Park services	63,037	-	-	-	63,037
Capital outlay	13,687	5,357	305,824	-	324,868
<i>Total Expenditures</i>	<u>575,871</u>	<u>85,018</u>	<u>305,824</u>	<u>9,156</u>	<u>975,869</u>
REVENUES OVER (UNDER) EXPENDITURES	89,739	19,603	(299,828)	22,455	(168,031)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,247	-	50,000	4,500	55,747
Transfers out	(54,500)	-	-	(1,247)	(55,747)
<i>Total Other Financing Sources (Uses)</i>	<u>(53,253)</u>	<u>-</u>	<u>50,000</u>	<u>3,253</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	36,486	19,603	(249,828)	25,708	(168,031)
FUND BALANCE, beginning of year	<u>547,774</u>	<u>166,118</u>	<u>397,940</u>	<u>318,398</u>	<u>1,430,230</u>
FUND BALANCE, end of year	<u>\$ 584,260</u>	<u>\$ 185,721</u>	<u>\$ 148,112</u>	<u>\$ 344,106</u>	<u>\$ 1,262,199</u>

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

CITY OF AURORA, OREGON

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

JUNE 30, 2022

	<u>Water</u> <u>Operations</u>	<u>Sewer</u> <u>Operations</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,251,995	\$ 726,942	\$ 1,978,937
LIABILITIES			
	-	-	-
FUND NET POSITION			
Restricted for:			
Debt service	-	19,248	19,248
Capital acquisitions	57,752	79,043	136,795
Unrestricted	1,194,243	628,651	1,822,894
	<u>1,251,995</u>	<u>726,942</u>	<u>1,978,937</u>
<i>Total Fund Net Position</i>	<u>\$ 1,251,995</u>	<u>\$ 726,942</u>	<u>\$ 1,978,937</u>

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

CITY OF AURORA, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION –
(MODIFIED CASH BASIS) – ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2022**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
OPERATING REVENUES			
Charges for services	\$ 386,484	\$ 398,765	\$ 785,249
Intergovernmental	615,389	-	615,389
Miscellaneous	2,992	280	3,272
<i>Total Operating Revenues</i>	1,004,865	399,045	1,403,910
OPERATING EXPENSES			
Personal services	125,751	140,247	265,998
Materials and services	112,338	175,633	287,971
<i>Total Operating Expenses</i>	238,089	315,880	553,969
OPERATING INCOME	766,776	83,165	849,941
NONOPERATING REVENUES/EXPENSES			
Taxes and assessments	-	380,020	380,020
Interest revenue	5,135	4,743	9,878
Capital acquisitions	(41,147)	(32,384)	(73,531)
Debt payments			
Principal	(15,093)	(335,000)	(350,093)
Interest	(5,799)	(43,425)	(49,224)
<i>Total Nonoperating Revenues/Expenses</i>	(56,904)	(26,046)	(82,950)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	709,872	57,119	766,991
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	5,543	2,032	7,575
CHANGE IN FUND NET POSITION	715,415	59,151	774,566
FUND NET POSITION, beginning of year	536,580	667,791	1,204,371
FUND NET POSITION, end of year	\$ 1,251,995	\$ 726,942	\$ 1,978,937

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

CITY OF AURORA, OREGON**STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) – ENTERPRISE FUNDS**

YEAR ENDED JUNE 30, 2022

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 389,476	\$ 399,045	\$ 788,521
Cash received from other sources	615,389	-	615,389
Cash paid to employees and others for salaries and benefits	(125,751)	(140,247)	(265,998)
Cash paid to suppliers and others	(112,338)	(175,633)	(287,971)
	<hr/>	<hr/>	<hr/>
<i>Net Cash Provided by Operating Activities</i>	766,776	83,165	849,941
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Taxes and assessments	-	380,020	380,020
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(41,147)	(32,384)	(73,531)
Principal paid on debt	(15,093)	(335,000)	(350,093)
Interest paid on debt	(5,799)	(43,425)	(49,224)
Capital contributions	5,543	2,032	7,575
	<hr/>	<hr/>	<hr/>
<i>Net Cash Used for Capital and Related Financing Activities</i>	(56,496)	(408,777)	(465,273)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5,135	4,743	9,878
	<hr/>	<hr/>	<hr/>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	715,415	59,151	774,566
CASH AND CASH EQUIVALENTS, Beginning of year	536,580	667,791	1,204,371
	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, End of year	\$ 1,251,995	\$ 726,942	\$ 1,978,937
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 766,776	\$ 83,165	\$ 849,941
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basic Financial Statements

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

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

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

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

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

CITY OF AURORA, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

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

The City reports the following governmental funds as major funds:

General Fund

This fund accounts for the basic governmental financial operations of the City. Principal sources of revenues are property taxes, licenses and permits, fines and forfeitures and State shared revenues. Primary expenditures are for administration, park service, community development, public facilities and municipal court.

Street/Storm Operating Fund

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

City Hall Building Fund

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

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

Sewer Operations

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

Water Operations

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

Fund Balance

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

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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

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

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

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

Definitions of Governmental Fund Types

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

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

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

Measurement Focus and Basis of Accounting

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

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

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Cash and Cash Equivalents

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

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

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

Property Taxes

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

Capital Assets

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

Long-Term Debt

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

Accrued Compensated Absences

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

CITY OF AURORA, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget and Budgetary Accounting

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

Use of Estimates

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2022:

Cash	
Cash on hand	\$ 400
Deposits with financial institutions	542,954
Investments	
Local Government Investment Pool	2,697,782
	<hr/>
	\$ 3,241,136
	<hr/> <hr/>

Deposits

The City's deposits with various financial institutions had a book value of \$542,954 and a bank balance of \$604,027 as of June 30, 2022. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

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

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2022, \$354,027 of the City's bank balances were covered by the PFCP.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2022, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. The LGIP is not rated for credit quality. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

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

Custodial Credit Risk - Investments

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

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

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

CITY OF AURORA, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT

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

	<i>Outstanding July 1, 2021</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2022</i>	<i>Due Within One Year</i>
<i>Business-type activities - direct borrowings</i>					
2009 General Obligation Bonds	\$ 965,000	\$ -	\$ (335,000)	\$ 630,000	\$ 355,000
Safe Drinking Water Loan	193,305	-	(15,093)	178,212	15,546
	<u>\$ 1,158,305</u>	<u>\$ -</u>	<u>\$ (350,093)</u>	<u>\$ 808,212</u>	<u>\$ 370,546</u>

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

Direct Borrowings – Business-type Activities

2009 G. O. Bonds: On May 28, 2009 the City issued \$3,530,000 of general obligation bonds for sewer system capital improvements. The bonds call for annual payments ranging from \$287,374 to \$383,350 including interest at rates ranging from 2.5% to 4.5%. The bonds mature on June 1, 2024. The loan is secured by tax increment revenues, and, in the event of default, the bonds are not subject to acceleration.

Safe Drinking Water Loan: On July 31, 2009 the City entered into a loan agreement with the Oregon Economic and Community Development Division (subsequently renamed Oregon Business Development Division) in the amount of \$330,812 with annual payments of \$20,892 which include interest at 3% through December 1, 2031. The purpose of the loan was for water system capital improvements. In the event of default, the lender may declare all amounts immediately due and payable and may exercise any remedy available at law or in equity.

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 370,546	\$ 33,696	\$ 404,242
2024	291,012	17,254	308,266
2025	16,492	4,400	20,892
2026	16,987	3,905	20,892
2027	17,497	3,395	20,892
2028-2032	95,678	8,779	104,457
	<u>\$ 808,212</u>	<u>\$ 71,429</u>	<u>\$ 879,641</u>

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

PENSION PLAN

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

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

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

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

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

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

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

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

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

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

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

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

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

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2022 were 17.95% for Tier One/Tier Two employees, 12.93% for OPSRP general service employees, and 17.29% for OPSRP police/fire employees. The City's total contributions to PERS were \$35,785 for fiscal year ended June 30, 2022.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2022 were based on the December 31, 2019 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

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

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2022, the City reported a net pension liability of \$285,821 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on a December 31, 2019 actuarial valuation, rolled forward to the measurement date.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.00239% as of the June 30, 2021 measurement date, compared to 0.00184% as of June 30, 2020.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2019 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.40%, projected salary increases of 3.40%, investment rate of return of 6.90%, and mortality rates based on the Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. These assumptions were based on the results of the December 31, 2019 actuarial experience study.

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

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

CITY OF AURORA, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using the discount rates of 5.90%, 6.90%, and 7.90%.

	<u>1% Decrease</u> <u>(5.90%)</u>	<u>Discount Rate</u> <u>(6.90%)</u>	<u>1% Increase</u> <u>(7.90%)</u>
Proportionate share of the net pension liability	\$ 561,283	\$ 285,821	\$ 55,358

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

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

TRANSFERS (BUDGETARY BASIS)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 1,247	\$ 54,500
City Hall Building	50,000	-
Park Reserve	-	1,247
Aurora Colony Days	4,500	-
	<u>\$ 55,747</u>	<u>\$ 55,747</u>

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

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

CONTINGENCIES

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

SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 6, 2023, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

CITY OF AURORA, OREGON

COMBINING BALANCE SHEET (BUDGETARY BASIS) – NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	<i>Special Revenue</i>	<i>Capital Projects</i>			<i>Street / Storm Reserve</i>	<i>Total</i>
	<i>Aurora Colony Days</i>	<i>Park SDC</i>	<i>Park Reserve</i>	<i>Street / Storm SDC</i>		
ASSETS						
Cash and cash equivalents	\$ 20,354	\$ 74,025	\$ -	\$ 98,712	\$ 151,015	\$ 344,106
LIABILITIES AND FUND BALANCE						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:						
Restricted for:						
Capital acquisitions	-	74,025	-	-	-	74,025
Streets	-	-	-	98,712	-	98,712
Community development	20,354	-	-	-	-	20,354
Committed to:						
Capital acquisitions	-	-	-	-	151,015	151,015
<i>Total Fund Balance</i>	20,354	74,025	-	98,712	151,015	344,106
Total Liabilities and Fund Balance	\$ 20,354	\$ 74,025	\$ -	\$ 98,712	\$ 151,015	\$ 344,106

CITY OF AURORA, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	<i>Special Revenue</i>		<i>Capital Projects</i>			<i>Total</i>
	<i>Aurora Colony</i>	<i>Park SDC</i>	<i>Park Reserve</i>	<i>Street / Storm SDC</i>	<i>Street / Storm</i>	
REVENUES						
Licenses and permits	\$ 500	\$ -	\$ -	\$ 2,740	\$ -	\$ 3,240
Charges for services	-	-	-	-	14,544	14,544
Miscellaneous	12,026	-	-	-	-	12,026
Interest earnings	72	404	-	537	788	1,801
<i>Total Revenues</i>	12,598	404	-	3,277	15,332	31,611
EXPENDITURES						
Community development	9,156	-	-	-	-	9,156
REVENUES OVER (UNDER)	3,442	404	-	3,277	15,332	22,455
OTHER FINANCING SOURCES (USES)						
Transfers in	4,500	-	-	-	-	4,500
Transfers out	-	-	(1,247)	-	-	(1,247)
<i>Total Other Financing Sources (Uses)</i>	4,500	-	(1,247)	-	-	3,253
NET CHANGE IN FUND BALANCE	7,942	404	(1,247)	3,277	15,332	25,708
FUND BALANCE, beginning of year	12,412	73,621	1,247	95,435	135,683	318,398
FUND BALANCE, end of year	\$ 20,354	\$ 74,025	\$ -	\$ 98,712	\$ 151,015	\$ 344,106

CITY OF AURORA, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 328,779	\$ 328,779	\$ 337,155	\$ 8,376
Fines and forfeitures	30,200	30,200	35,999	5,799
Licenses and permits	124,750	124,750	131,584	6,834
Intergovernmental	75,000	75,000	94,468	19,468
Miscellaneous	91,340	91,340	63,327	(28,013)
Interest earnings	4,800	4,800	3,077	(1,723)
<i>Total Revenues</i>	654,869	654,869	665,610	10,741
EXPENDITURES				
Administration	467,819	467,819	405,584	62,235
Community development	187,250	187,250	62,699	124,551
Municipal court	15,100	15,100	9,528	5,572
Public facilities	50,500	70,500	35,023	35,477
Parks	113,496	93,496	63,037	30,459
Contingency	317,451	317,451	-	317,451
<i>Total Expenditures</i>	1,151,616	1,151,616	575,871	575,745
REVENUES OVER (UNDER) EXPENDITURES	(496,747)	(496,747)	89,739	586,486
OTHER FINANCING SOURCES (USES)				
Transfers in	1,247	1,247	1,247	-
Transfers out	(54,500)	(54,500)	(54,500)	-
<i>Total Other Financing Sources (Uses)</i>	(53,253)	(53,253)	(53,253)	-
NET CHANGE IN FUND BALANCE	(550,000)	(550,000)	36,486	586,486
FUND BALANCE, beginning of year	550,000	550,000	547,774	(2,226)
FUND BALANCE, end of year	\$ -	\$ -	\$ 584,260	\$ 584,260

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – STREET/STORM OPERATING FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 18,720	\$ 18,720	\$ 18,885	\$ 165
Intergovernmental	1,574,000	1,574,000	84,652	(1,489,348)
Miscellaneous	100	100	140	40
Interest earnings	1,200	1,200	944	(256)
<i>Total Revenues</i>	<u>1,594,020</u>	<u>1,594,020</u>	<u>104,621</u>	<u>(1,489,399)</u>
EXPENDITURES				
Street/Storm				
Personal services	35,814	35,814	30,954	4,860
Materials and services	66,300	66,300	48,707	17,593
Capital outlay	1,537,500	1,537,500	5,357	1,532,143
Contingency	120,406	120,406	-	120,406
<i>Total Expenditures</i>	<u>1,760,020</u>	<u>1,760,020</u>	<u>85,018</u>	<u>1,675,002</u>
NET CHANGE IN FUND BALANCE	(166,000)	(166,000)	19,603	185,603
FUND BALANCE, beginning of year	<u>166,000</u>	<u>166,000</u>	<u>166,118</u>	<u>118</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,721</u>	<u>\$ 185,721</u>

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – CITY HALL BUILDING FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 4,648	\$ 648
Miscellaneous	100	100	-	(100)
Interest earnings	1,000	1,000	1,348	348
<i>Total Revenues</i>	5,100	5,100	5,996	896
EXPENDITURES				
Public Facilities				
Capital outlay	452,800	452,800	305,824	146,976
REVENUES OVER (UNDER) EXPENDITURES	(447,700)	(447,700)	(299,828)	147,872
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCE	(397,700)	(397,700)	(249,828)	147,872
FUND BALANCE, beginning of year	397,700	397,700	397,940	240
FUND BALANCE, end of year	\$ -	\$ -	\$ 148,112	\$ 148,112

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – AURORA COLONY DAYS
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 3,325	\$ 3,325	\$ 500	\$ (2,825)
Miscellaneous	8,055	8,055	12,026	3,971
Interest earnings	100	100	72	(28)
<i>Total Revenues</i>	11,480	11,480	12,598	1,118
EXPENDITURES				
Aurora Colony Days				
Personal services	3,873	3,873	3,258	615
Materials and services	17,550	17,550	5,898	11,652
Contingency	7,157	7,157	-	7,157
<i>Total Expenditures</i>	28,580	28,580	9,156	19,424
REVENUES OVER (UNDER) EXPENDITURES	(17,100)	(17,100)	3,442	20,542
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500	4,500	4,500	-
NET CHANGE IN FUND BALANCE	(12,600)	(12,600)	7,942	20,542
FUND BALANCE, beginning of year	12,600	12,600	12,412	(188)
FUND BALANCE, end of year	\$ -	\$ -	\$ 20,354	\$ 20,354

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – PARK SDC FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 19,845	\$ 19,845	\$ -	\$ (19,845)
Interest earnings	400	400	404	4
<i>Total Revenues</i>	20,245	20,245	404	(19,841)
EXPENDITURES				
Parks				
Capital outlay	93,821	93,821	-	93,821
NET CHANGE IN FUND BALANCE	(73,576)	(73,576)	404	73,980
FUND BALANCE, beginning of year	73,576	73,576	73,621	45
FUND BALANCE, end of year	\$ -	\$ -	\$ 74,025	\$ 74,025

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – PARK RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,247)	(1,247)	(1,247)	-
NET CHANGE IN FUND BALANCE	(1,247)	(1,247)	(1,247)	-
FUND BALANCE, beginning of year	1,247	1,247	1,247	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – STREET/STORM SDC FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 34,800	\$ 34,800	\$ 2,740	\$ (32,060)
Interest earnings	700	700	537	(163)
<i>Total Revenues</i>	35,500	35,500	3,277	(32,223)
EXPENDITURES				
Street/Storm Capital outlay	133,670	133,670	-	133,670
NET CHANGE IN FUND BALANCE	(98,170)	(98,170)	3,277	101,447
FUND BALANCE, beginning of year	98,170	98,170	95,435	(2,735)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,712</u>	<u>\$ 98,712</u>

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – STREET/STORM RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 14,400	\$ 14,400	\$ 14,544	\$ 144
Interest earnings	700	700	788	88
<i>Total Revenues</i>	15,100	15,100	15,332	232
EXPENDITURES				
Streets/Storm Capital outlay	150,100	150,100	-	150,100
NET CHANGE IN FUND BALANCE	(135,000)	(135,000)	15,332	150,332
FUND BALANCE, beginning of year	135,000	135,000	135,683	683
FUND BALANCE, end of year	\$ -	\$ -	\$ 151,015	\$ 151,015

CITY OF AURORA, OREGON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(BUDGETARY BASIS) – WATER OPERATIONS FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>Water</u>	<u>Water Reserve</u>	<u>Water SDC</u>	<u>Total</u>
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 5,543	\$ 5,543
Charges for services	386,484	-	-	386,484
Intergovernmental	-	615,389	-	615,389
Miscellaneous	2,992	-	-	2,992
Interest earnings	2,788	2,036	311	5,135
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	392,264	617,425	5,854	1,015,543
EXPENDITURES				
Personal services	125,751	-	-	125,751
Materials and services	112,338	-	-	112,338
Debt service				
Principal	15,093	-	-	15,093
Interest	5,799	-	-	5,799
Capital outlay	26,950	14,197	-	41,147
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	285,931	14,197	-	300,128
CHANGE IN FUND BALANCE	106,333	603,228	5,854	715,415
FUND BALANCE, beginning of year	451,865	32,817	51,898	536,580
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 558,198	\$ 636,045	\$ 57,752	\$ 1,251,995
	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER OPERATING FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 385,400	\$ 385,400	\$ 386,484	\$ 1,084
Miscellaneous	2,000	2,000	2,992	992
Interest earnings	2,500	2,500	2,788	288
<i>Total Revenues</i>	389,900	389,900	392,264	2,364
EXPENDITURES				
Water Operations				
Personal services	154,270	154,270	125,751	28,519
Materials and services	186,425	186,425	112,338	74,087
Capital outlay	413,000	413,000	26,950	386,050
Debt service				
Principal	15,093	15,093	15,093	-
Interest	5,799	5,799	5,799	-
Contingency	72,313	72,313	-	72,313
<i>Total Expenditures</i>	846,900	846,900	285,931	560,969
CHANGE IN FUND BALANCE	(457,000)	(457,000)	106,333	563,333
FUND BALANCE, beginning of year	457,000	457,000	451,865	(5,135)
FUND BALANCE, end of year	\$ -	\$ -	\$ 558,198	\$ 558,198

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 705,500	\$ 705,500	\$ 615,389	\$ (90,111)
Interest earnings	200	200	2,036	1,836
<i>Total Revenues</i>	705,700	705,700	617,425	(88,275)
EXPENDITURES				
Water				
Capital outlay	738,700	738,700	14,197	724,503
CHANGE IN FUND BALANCE	(33,000)	(33,000)	603,228	636,228
FUND BALANCE, beginning of year	33,000	33,000	32,817	(183)
FUND BALANCE, end of year	\$ -	\$ -	\$ 636,045	\$ 636,045

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER SDC FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 70,213	\$ 70,213	\$ 5,543	\$ (64,670)
Interest earnings	100	100	311	211
<i>Total Revenues</i>	70,313	70,313	5,854	(64,459)
EXPENDITURES				
Water				
Capital outlay	127,775	127,775	-	127,775
CHANGE IN FUND BALANCE	(57,462)	(57,462)	5,854	63,316
FUND BALANCE, beginning of year	57,462	57,462	51,898	(5,564)
FUND BALANCE, end of year	\$ -	\$ -	\$ 57,752	\$ 57,752

CITY OF AURORA, OREGON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(BUDGETARY BASIS) – SEWER OPERATIONS FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>Sewer</u>	<u>Sewer Reserve</u>	<u>Sewer SDC</u>	<u>General Obligation Wastewater Bond</u>	<u>Total</u>
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 380,020	\$ 380,020
Licenses and permits	-	-	2,032	-	2,032
Charges for services	398,765	-	-	-	398,765
Miscellaneous	280	-	-	-	280
Interest earnings	3,018	186	430	1,109	4,743
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	402,063	186	2,462	381,129	785,840
EXPENDITURES					
Personal services	140,247	-	-	-	140,247
Materials and services	175,633	-	-	-	175,633
Debt service					
Principal	-	-	-	335,000	335,000
Interest	-	-	-	43,425	43,425
Capital outlay	30,880	1,504	-	-	32,384
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	346,760	1,504	-	378,425	726,689
CHANGE IN FUND BALANCE	55,303	(1,318)	2,462	2,704	59,151
FUND BALANCE, beginning of year	539,921	34,745	76,581	16,544	667,791
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	<u>\$ 595,224</u>	<u>\$ 33,427</u>	<u>\$ 79,043</u>	<u>\$ 19,248</u>	<u>\$ 726,942</u>

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – SEWER OPERATING FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 384,000	\$ 384,000	\$ 398,765	\$ 14,765
Miscellaneous	250	250	280	30
Interest earnings	2,500	2,500	3,018	518
<i>Total Revenues</i>	386,750	386,750	402,063	15,313
EXPENDITURES				
Sewer Operations				
Personal services	171,750	171,750	140,247	31,503
Materials and services	259,350	259,350	175,633	83,717
Capital outlay	335,000	335,000	30,880	304,120
Contingency	170,650	170,650	-	170,650
<i>Total Expenditures</i>	936,750	936,750	346,760	589,990
CHANGE IN FUND BALANCE	(550,000)	(550,000)	55,303	605,303
FUND BALANCE, beginning of year	550,000	550,000	539,921	(10,079)
FUND BALANCE, end of year	\$ -	\$ -	\$ 595,224	\$ 595,224

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Fines and forfeitures	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Interest earnings	200	200	186	(14)
<i>Total Revenues</i>	500,200	500,200	186	(500,014)
EXPENDITURES				
Sewer Capital outlay	534,900	534,900	1,504	533,396
CHANGE IN FUND BALANCE	(34,700)	(34,700)	(1,318)	33,382
FUND BALANCE, beginning of year	34,700	34,700	34,745	45
FUND BALANCE, end of year	\$ -	\$ -	\$ 33,427	\$ 33,427

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – SEWER SDC FUND
YEAR ENDED JUNE 30, 2022**

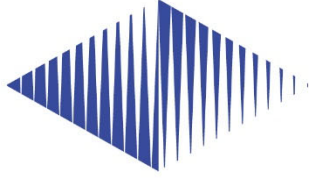
	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 24,384	\$ 24,384	\$ 2,032	\$ (22,352)
Interest earnings	500	500	430	(70)
<i>Total Revenues</i>	24,884	24,884	2,462	(22,422)
EXPENDITURES				
Sewer				
Capital outlay	103,480	103,480	-	103,480
CHANGE IN FUND BALANCE	(78,596)	(78,596)	2,462	81,058
FUND BALANCE, beginning of year	78,596	78,596	76,581	(2,015)
FUND BALANCE, end of year	\$ -	\$ -	\$ 79,043	\$ 79,043

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – G.O. WASTE WATER BOND FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 370,425	\$ 370,425	\$ 380,020	\$ 9,595
Interest earnings	1,000	1,000	1,109	109
<i>Total Revenues</i>	371,425	371,425	381,129	9,704
EXPENDITURES				
Debt service				
Principal	335,000	335,000	335,000	-
Interest	43,425	43,425	43,425	-
<i>Total Expenditures</i>	378,425	378,425	378,425	-
CHANGE IN FUND BALANCE	(7,000)	(7,000)	2,704	9,704
FUND BALANCE, beginning of year	17,000	17,000	16,544	(456)
FUND BALANCE, end of year	\$ 10,000	\$ 10,000	\$ 19,248	\$ 9,248

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Aurora, Oregon (the City) as of and for the year ended June 30, 2022, and have issued our report thereon dated February 6, 2023.

Compliance and Other Matters

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

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

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

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

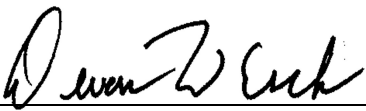
Internal Control Over Financial Reporting

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

Restriction on Use

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

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

By: 
Devan W. Esch, A Shareholder
February 6, 2023