

***CITY OF AURORA, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2023***

CITY OF AURORA, OREGON
CITY OFFICIALS
JUNE 30, 2023

<u><i>Name</i></u>	<i>MAYOR</i>	<u><i>Term</i></u>
Brian Asher		December 31, 2024

CITY COUNCIL MEMBERS

Charles Roper		December 31, 2024
John Berard		December 31, 2026
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, 2023, 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, 2023, 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.

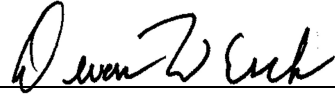
The supplementary information as listed in the table of contents are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 November 2, 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
November 2, 2023

CITY OF AURORA, OREGON

Management's Discussion and Analysis June 30, 2023

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, 2023.

Financial Highlights

	June 30,		change
	2023	2022	
Net position	\$ 4,183,881	\$ 3,241,136	\$ 942,745
Change in net position	942,745	606,535	336,210
Governmental net position	1,870,992	1,262,199	608,793
Proprietary net position	2,312,889	1,978,937	333,952
Change in governmental net position	608,793	(168,031)	776,824
Change in proprietary net position	333,952	774,566	(440,614)

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

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,870,992	\$ 2,312,889	\$ 4,183,881	\$ 1,262,199	\$ 1,978,937	\$ 3,241,136
Liabilities	-	-	-	-	-	-
Net Position:						
Restricted	945,659	202,577	1,148,236	529,827	156,043	685,870
Unrestricted	925,333	2,110,312	3,035,645	732,372	1,822,894	2,555,266
Total Net Position	\$ 1,870,992	\$ 2,312,889	\$ 4,183,881	\$ 1,262,199	\$ 1,978,937	\$ 3,241,136

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 \$4,183,881 as of June 30, 2023.

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.

	2023			2022		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program revenues						
Charges for service	\$ 173,506	\$ 787,745	\$ 961,251	\$ 131,573	\$ 785,249	\$ 916,822
Operating grants	659,773	-	659,773	158,474	-	158,474
Capital grants	11,109	646,835	657,944	2,740	7,575	10,315
General revenues						
Taxes and assessments	354,632	384,466	739,098	337,155	380,020	717,175
Franchise taxes	84,356	-	84,356	74,087	-	74,087
Intergovernmental	39,890	115,389	155,279	35,646	615,389	651,035
Miscellaneous	102,567	76,885	179,452	68,163	13,150	81,313
<i>Total revenues</i>	1,425,833	2,011,320	3,437,153	807,838	1,801,383	2,609,221
Expenses						
General government	227,143	-	227,143	231,913	-	231,913
Police and municipal court	220,493	-	220,493	204,535	-	204,535
Highways and streets	153,301	-	153,301	85,019	-	85,019
Community development	216,103	-	216,103	454,402	-	454,402
Water	-	930,980	930,980	-	300,128	300,128
Sewer	-	746,388	746,388	-	726,689	726,689
<i>Total expenses</i>	817,040	1,677,368	2,494,408	975,869	1,026,817	2,002,686
Change in net position	608,793	333,952	942,745	(168,031)	774,566	606,535
Net position, beginning of year	1,262,199	1,978,937	3,241,136	1,430,230	1,204,371	2,634,601
Net position, end of year	\$ 1,870,992	\$ 2,312,889	\$ 4,183,881	\$ 1,262,199	\$ 1,978,937	\$ 3,241,136

Statement of Activities (modified cash basis). During the current fiscal year, the City's total net position increased by \$942,745 to \$4,183,881 from \$3,241,136 at the beginning of the year. The key elements of the change in the City's net position for the year ended June 30, 2023 are as follows:

Governmental activities - The City's net position increased by \$608,793 from governmental activities. The increase was primarily due to the increase in operating grants received within the current year.

Business type activities - The City's net position increased by \$333,952 from business type activities. Revenues increased by \$209,937 compared to the prior year, and expenses decreased by \$650,551 compared to the prior year. The revenue increase was primarily caused by significant capital grants and 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, 2023, the City’s governmental funds reported combined ending fund balances of \$1,870,992, an increase of \$608,793 over the prior year.

Business-type funds. The business-type funds account for the City’s water and sewer operations. Revenues exceeded expenses by \$333,952 for the year ended June 30, 2023.

General Fund Budgetary Highlights

No supplemental budgets were passed by the City for the fiscal year ended June 30, 2023. The General fund expended \$506,777 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 \$601,601 as of June 30, 2023. The fund balance increased \$17,341 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 94% of total expenditures.

Street/Storm Operating Fund - The Street/Storm Operating Fund accounts for street maintenance and improvements. The fund balance increased by \$547,068. This increase was due to a significant increase in intergovernmental revenues in the current year with expenses decreasing significantly compared with the prior year.

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 \$186,303 during the year due to an increase in intergovernmental and interest 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 \$147,649 due to revenues remaining consistently larger than expenditures.

Debt Administration

The City had total debt outstanding of \$437,666 at the end of the current fiscal year.

During the current fiscal year, the City’s total debt decreased by \$370,546 (46%) 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, 2023.

**City of Aurora
Outstanding Debt**

	Business-type Activities	
	2023	2022
General obligation bonds	\$ 275,000	\$ 630,000
Loans	162,666	178,212
Total	\$ 437,666	\$ 808,212

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 2023-24 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, 2023

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 1,870,992	\$ 2,312,889	\$ 4,183,881
LIABILITIES			
	-	-	-
NET POSITION			
Restricted for:			
Debt service	-	27,921	27,921
Capital acquisitions	80,721	174,656	255,377
Community development	24,591	-	24,591
Streets	840,347	-	840,347
Unrestricted	925,333	2,110,312	3,035,645
<i>Total Net Position</i>	<u>\$ 1,870,992</u>	<u>\$ 2,312,889</u>	<u>\$ 4,183,881</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, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 227,143	\$ 18,134	\$ 24,818	\$ 899
Police and municipal court	220,493	23,103	-	-
Highways and streets	153,301	32,399	634,955	5,800
Community development	216,103	99,870	-	4,410
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Governmental activities</i>	817,040	173,506	659,773	11,109
Business-type activities:				
Water	930,980	370,431	-	585,041
Sewer	746,388	417,314	-	61,794
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Business-type activities</i>	1,677,368	787,745	-	646,835
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Activities</i>	<u>\$ 2,494,408</u>	<u>\$ 961,251</u>	<u>\$ 659,773</u>	<u>\$ 657,944</u>
General Revenues:				
Property taxes				
Franchise taxes				
Intergovernmental				
Miscellaneous				
<i>Total General Revenues</i>				
Change in net position				
Net Position - beginning of year				
Net Position - end of year				

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

***Net (Expenses) Revenues
and Changes in Net Position***

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (183,292)	\$ -	\$ (183,292)
(197,390)	-	(197,390)
519,853	-	519,853
(111,823)	-	(111,823)
27,348	-	27,348
-	24,492	24,492
-	(267,280)	(267,280)
-	(242,788)	(242,788)
27,348	(242,788)	(215,440)
354,632	384,466	739,098
84,356	-	84,356
39,890	115,389	155,279
102,567	76,885	179,452
581,445	576,740	1,158,185
608,793	333,952	942,745
1,262,199	1,978,937	3,241,136
<u>\$ 1,870,992</u>	<u>\$ 2,312,889</u>	<u>\$ 4,183,881</u>

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

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

JUNE 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Street / Storm Operating</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 601,601	\$ 732,789	\$ 536,602	\$ 1,870,992
LIABILITIES AND FUND BALANCE				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Restricted for:				
Capital acquisitions	-	-	80,721	80,721
Streets	-	732,789	107,558	840,347
Community development	-	-	24,591	24,591
Committed to:				
Capital acquisitions	-	-	323,732	323,732
Unassigned	601,601	-	-	601,601
Total Liabilities and Fund Balance	\$ 601,601	\$ 732,789	\$ 536,602	\$ 1,870,992

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, 2023**

	General	Special Revenue Street / Storm Operating	Other Governmental Funds	Total
REVENUES				
Taxes and assessments	\$ 354,632	\$ -	\$ -	\$ 354,632
Fines and forfeitures	23,103	-	-	23,103
Licenses and permits	197,919	-	17,531	215,450
Charges for services	-	18,315	14,084	32,399
Intergovernmental	50,607	634,955	-	685,562
Miscellaneous	46,657	-	13,259	59,916
Interest earnings	18,760	21,099	14,912	54,771
<i>Total Revenues</i>	691,678	674,369	59,786	1,425,833
EXPENDITURES				
Current				
General government	227,144	-	-	227,144
Police and municipal court	220,493	-	-	220,493
Highways and streets	-	105,593	-	105,593
Community development	116,154	-	20,382	136,536
Park services	65,984	-	-	65,984
Capital acquisitions	10,562	47,708	3,020	61,290
<i>Total Expenditures</i>	640,337	153,301	23,402	817,040
REVENUES OVER (UNDER) EXPENDITURES	51,341	521,068	36,384	608,793
OTHER FINANCING SOURCES (USES)				
Transfers in	-	26,000	8,000	34,000
Transfers out	(34,000)	-	-	(34,000)
<i>Total Other Financing Sources (Uses)</i>	(34,000)	26,000	8,000	-
NET CHANGE IN FUND BALANCE	17,341	547,068	44,384	608,793
FUND BALANCE, beginning of year	584,260	185,721	492,218	1,262,199
FUND BALANCE, end of year	\$ 601,601	\$ 732,789	\$ 536,602	\$ 1,870,992

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, 2023

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,438,298	\$ 874,591	\$ 2,312,889
LIABILITIES	-	-	-
FUND NET POSITION			
Restricted for:			
Debt service	-	27,921	27,921
Capital acquisitions	78,564	96,092	174,656
Unrestricted	1,359,734	750,578	2,110,312
	<u>1,438,298</u>	<u>874,591</u>	<u>2,312,889</u>
<i>Total Fund Net Position</i>	<u>\$ 1,438,298</u>	<u>\$ 874,591</u>	<u>\$ 2,312,889</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, 2023**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
OPERATING REVENUES			
Charges for services	\$ 370,430	\$ 417,314	\$ 787,744
Miscellaneous	5,369	-	5,369
<i>Total Operating Revenues</i>	375,799	417,314	793,113
OPERATING EXPENSES			
Personal services	133,667	149,061	282,728
Materials and services	110,088	110,065	220,153
<i>Total Operating Expenses</i>	243,755	259,126	502,881
OPERATING INCOME	132,044	158,188	290,232
NONOPERATING REVENUES AND EXPENSES			
Taxes and assessments	-	384,466	384,466
Intergovernmental	115,389	-	115,389
Interest revenue	41,055	30,462	71,517
Capital acquisitions	(666,334)	(103,911)	(770,245)
Debt payments			
Principal	(15,546)	(355,000)	(370,546)
Interest	(5,346)	(28,350)	(33,696)
<i>Total Nonoperating Revenues and Expenses</i>	(530,782)	(72,333)	(603,115)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(398,738)	85,855	(312,883)
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	585,041	61,794	646,835
CHANGE IN FUND NET POSITION	186,303	147,649	333,952
FUND NET POSITION, beginning of year	1,251,995	726,942	1,978,937
FUND NET POSITION, end of year	\$ 1,438,298	\$ 874,591	\$ 2,312,889

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, 2023**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>			
Cash received from customers	\$ 375,799	\$ 417,314	\$ 793,113
Cash paid to employees and others for salaries and benefits	(133,667)	(149,061)	(282,728)
Cash paid to suppliers and others	(110,088)	(110,065)	(220,153)
<i>Net Cash Provided by Operating Activities</i>	132,044	158,188	290,232
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</i>			
Intergovernmental	115,389	-	115,389
Taxes and assessments	-	384,466	384,466
<i>Net Cash Provided by Non-Capital Financing Activities</i>	115,389	384,466	499,855
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>			
Purchase of capital assets	(666,334)	(103,911)	(770,245)
Principal paid on debt	(15,546)	(355,000)	(370,546)
Interest paid on debt	(5,346)	(28,350)	(33,696)
Capital contributions	585,041	61,794	646,835
<i>Net Cash Used for Capital and Related Financing Activities</i>	(102,185)	(425,467)	(527,652)
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>			
Interest received	41,055	30,462	71,517
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	186,303	147,649	333,952
<i>CASH AND CASH EQUIVALENTS, Beginning of year</i>	1,251,995	726,942	1,978,937
<i>CASH AND CASH EQUIVALENTS, End of year</i>	\$ 1,438,298	\$ 874,591	\$ 2,312,889
<i>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</i>			
Operating income	\$ 132,044	\$ 158,188	\$ 290,232

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, 2023

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.

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.

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.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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, 2023

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, 2023

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.

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.

Subsequent Events

Management has evaluated subsequent events through November 2, 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2023:

Cash	
Cash on hand	\$ 400
Book balance of deposits with financial institutions	(7,415)
Investments	
Local Government Investment Pool	4,190,896
	<hr/>
	\$ 4,183,881
	<hr/> <hr/>

Deposits

The City's deposits with various financial institutions had a book value of \$(7,415) and a bank balance of \$46,930 as of June 30, 2023. 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

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. 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, 2023, the City's bank balance was not in excess of FDIC limits.

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, 2023, 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, 2023

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, 2022</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2023</i>	<i>Due Within One Year</i>
<i>Business-type activities - direct borrowings</i>					
2009 General Obligation Bonds	\$ 630,000	\$ -	\$ (355,000)	\$ 275,000	\$ 275,000
Safe Drinking Water Loan	178,212	-	(15,546)	162,666	16,012
	<u>\$ 808,212</u>	<u>\$ -</u>	<u>\$ (370,546)</u>	<u>\$ 437,666</u>	<u>\$ 291,012</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>
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	18,021	2,870	20,891
2029-2032	77,657	5,909	83,566
	<u>\$ 437,666</u>	<u>\$ 37,733</u>	<u>\$ 475,399</u>

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

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, 2023

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 2023 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 \$43,848 for fiscal year ended June 30, 2023.

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 2023 were based on the December 31, 2020 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, 2023, the City reported a net pension liability of \$320,370 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on a December 31, 2020 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 0.00209% as of the June 30, 2022 measurement date, compared to 0.00239% as of June 30, 2021.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2020 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, 2020 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, 2023

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	\$ 568,149	\$ 320,370	\$ 112,991

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	\$ -	\$ 34,000
Street/Storm Operating	26,000	-
Aurora Colony Days	8,000	-
Sewer	-	50,000
Sewer Reserve	50,000	-
	<u>\$ 84,000</u>	<u>\$ 84,000</u>

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

CONTINGENCIES

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

SUPPLEMENTARY INFORMATION

CITY OF AURORA, OREGON

COMBINING BALANCE SHEET (BUDGETARY BASIS) – NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	<i>Special Revenue</i>	<i>Capital Projects</i>	
	<i>Aurora Colony Days</i>	<i>Park SDC</i>	<i>Street / Storm SDC</i>
<i>ASSETS</i>			
Cash and cash equivalents	\$ 24,591	\$ 80,721	\$ 107,558
	<hr/>	<hr/>	<hr/>
<i>LIABILITIES AND FUND BALANCE</i>			
<i>Liabilities</i>	\$ -	\$ -	\$ -
<i>Fund Balance:</i>			
Restricted for:			
Capital acquisitions	-	80,721	-
Streets	-	-	107,558
Community development	24,591	-	-
Committed to:			
Capital acquisitions	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	24,591	80,721	107,558
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 24,591	\$ 80,721	\$ 107,558
	<hr/>	<hr/>	<hr/>

<i>Capital Projects</i>		
<i>Street / Storm Reserve</i>	<i>City Hall Building</i>	<i>Total</i>
\$ 169,784	\$ 153,948	\$ 536,602
\$ -	\$ -	\$ -
-	-	80,721
-	-	107,558
-	-	24,591
169,784	153,948	323,732
169,784	153,948	536,602
\$ 169,784	\$ 153,948	\$ 536,602

CITY OF AURORA, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	<i>Special Revenue</i>	<i>Capital Projects</i>	
	<i>Aurora Colony Days</i>	<i>Park SDC</i>	<i>Street / Storm SDC</i>
REVENUES			
Licenses and permits	\$ 2,880	\$ 4,410	\$ 5,800
Charges for services	-	-	-
Miscellaneous	13,259	-	-
Interest earnings	480	2,286	3,046
<i>Total Revenues</i>	16,619	6,696	8,846
EXPENDITURES			
Current			
Community development	20,382	-	-
Capital acquisitions	-	-	-
<i>Total Expenditures</i>	20,382	-	-
REVENUES OVER (UNDER) EXPENDITURES	(3,763)	6,696	8,846
OTHER FINANCING SOURCES (USES)			
Transfers in	8,000	-	-
NET CHANGE IN FUND BALANCE	4,237	6,696	8,846
FUND BALANCE, beginning of year	20,354	74,025	98,712
FUND BALANCE, end of year	\$ 24,591	\$ 80,721	\$ 107,558

<i>Capital Projects</i>		
<i>Street / Storm Reserve</i>	<i>City Hall Building</i>	<i>Total</i>
\$ -	\$ 4,441	\$ 17,531
14,084	-	14,084
-	-	13,259
4,685	4,415	14,912
18,769	8,856	59,786
-	-	20,382
-	3,020	3,020
-	3,020	23,402
18,769	5,836	36,384
-	-	8,000
18,769	5,836	44,384
151,015	148,112	492,218
<u>\$ 169,784</u>	<u>\$ 153,948</u>	<u>\$ 536,602</u>

CITY OF AURORA, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes and assessments	\$ 339,194	\$ 339,194	\$ 354,632	\$ 15,438
Fines and forfeitures	30,200	30,200	23,103	(7,097)
Licenses and permits	121,550	121,550	197,919	76,369
Intergovernmental	77,713	77,713	50,607	(27,106)
Miscellaneous	72,957	72,957	46,657	(26,300)
Interest earnings	3,500	3,500	18,760	15,260
<i>Total Revenues</i>	645,114	645,114	691,678	46,564
EXPENDITURES				
Administration	457,672	457,672	422,903	34,769
Community development	173,943	173,943	116,154	57,789
Municipal court	15,100	15,100	5,862	9,238
Public facilities	54,700	54,700	18,872	35,828
Parks	125,178	125,178	76,546	48,632
Contingency	320,521	320,521	-	320,521
<i>Total Expenditures</i>	1,147,114	1,147,114	640,337	506,777
REVENUES OVER (UNDER) EXPENDITURES	(502,000)	(502,000)	51,341	553,341
OTHER FINANCING SOURCES (USES)				
Transfers out	(34,000)	(34,000)	(34,000)	-
NET CHANGE IN FUND BALANCE	(536,000)	(536,000)	17,341	553,341
FUND BALANCE, beginning of year	586,000	586,000	584,260	(1,740)
FUND BALANCE, end of year	\$ 50,000	\$ 50,000	\$ 601,601	\$ 551,601

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, 2023**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 18,790	\$ 18,790	\$ 18,315	\$ (475)
Intergovernmental	1,167,493	1,167,493	634,955	(532,538)
Interest earnings	800	800	21,099	20,299
<i>Total Revenues</i>	1,187,083	1,187,083	674,369	(512,714)
EXPENDITURES				
Street/Storm				
Personal services	37,033	37,033	32,246	4,787
Materials and services	72,000	72,000	73,347 *	(1,347)
Capital outlay	1,131,393	1,131,393	47,708	1,083,685
Contingency	147,657	147,657	-	147,657
<i>Total Expenditures</i>	1,388,083	1,388,083	153,301	1,234,782
REVENUES OVER (UNDER) EXPENDITURES	(201,000)	(201,000)	521,068	722,068
OTHER FINANCING SOURCES (USES)				
Transfers in	26,000	26,000	26,000	-
NET CHANGE IN FUND BALANCE	(175,000)	(175,000)	547,068	722,068
FUND BALANCE, beginning of year	175,000	175,000	185,721	10,721
FUND BALANCE, end of year	\$ -	\$ -	\$ 732,789	\$ 732,789

* Expenditures are adopted at the operational level; therefore, this is not a violation of expenditures in excess of appropriations.

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,325	\$ 1,325	\$ 2,880	\$ 1,555
Miscellaneous	7,045	7,045	13,259	6,214
Interest earnings	100	100	480	380
<i>Total Revenues</i>	8,470	8,470	16,619	8,149
EXPENDITURES				
Aurora Colony Days				
Personal services	4,015	4,015	3,565	450
Materials and services	19,500	19,500	16,817	2,683
Contingency	10,455	10,455	-	10,455
<i>Total Expenditures</i>	33,970	33,970	20,382	13,588
REVENUES OVER (UNDER EXPENDITURES)	(25,500)	(25,500)	(3,763)	21,737
OTHER FINANCING SOURCES (USES)				
Transfers in	8,000	8,000	8,000	-
NET CHANGE IN FUND BALANCE	(17,500)	(17,500)	4,237	21,737
FUND BALANCE, beginning of year	17,500	17,500	20,354	2,854
FUND BALANCE, end of year	\$ -	\$ -	\$ 24,591	\$ 24,591

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 17,640	\$ 17,640	\$ 4,410	\$ (13,230)
Interest earnings	400	400	2,286	1,886
<i>Total Revenues</i>	18,040	18,040	6,696	(11,344)
EXPENDITURES				
Parks				
Capital outlay	91,981	91,981	-	91,981
NET CHANGE IN FUND BALANCE	(73,941)	(73,941)	6,696	80,637
FUND BALANCE, beginning of year	73,941	73,941	74,025	84
FUND BALANCE, end of year	\$ -	\$ -	\$ 80,721	\$ 80,721

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, 2023**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 23,200	\$ 23,200	\$ 5,800	\$ (17,400)
Interest earnings	500	500	3,046	2,546
<i>Total Revenues</i>	23,700	23,700	8,846	(14,854)
EXPENDITURES				
Street/Storm				
Capital outlay	122,374	122,374	-	122,374
NET CHANGE IN FUND BALANCE	(98,674)	(98,674)	8,846	107,520
FUND BALANCE, beginning of year	98,674	98,674	98,712	38
FUND BALANCE, end of year	\$ -	\$ -	\$ 107,558	\$ 107,558

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, 2023**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 14,400	\$ 14,400	\$ 14,084	\$ (316)
Interest earnings	700	700	4,685	3,985
<i>Total Revenues</i>	15,100	15,100	18,769	3,669
EXPENDITURES				
Streets/Storm				
Capital outlay	165,100	165,100	-	165,100
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	18,769	168,769
FUND BALANCE, beginning of year	150,000	150,000	151,015	1,015
FUND BALANCE, end of year	\$ -	\$ -	\$ 169,784	\$ 169,784

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, 2023**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 3,200	\$ 3,200	\$ 4,441	\$ 1,241
Miscellaneous	100	100	-	(100)
Interest earnings	600	600	4,415	3,815
<i>Total Revenues</i>	3,900	3,900	8,856	4,956
EXPENDITURES				
Public Facilities				
Capital outlay	151,900	151,900	3,020	148,880
NET CHANGE IN FUND BALANCE	(148,000)	(148,000)	5,836	153,836
FUND BALANCE, beginning of year	148,000	148,000	148,112	112
FUND BALANCE, end of year	\$ -	\$ -	\$ 153,948	\$ 153,948

CITY OF AURORA, OREGON**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(BUDGETARY BASIS) – WATER OPERATIONS FUNDS
YEAR ENDED JUNE 30, 2023**

	<i>Water</i>	<i>Water Reserve</i>	<i>Water SDC</i>	<i>Water Storage Tank/Pump Station</i>	<i>Total</i>
REVENUES					
Charges for services	\$ 370,430	\$ -	\$ -	\$ -	\$ 370,430
Licenses and permits	-	-	11,086	-	11,086
Intergovernmental	-	115,389	-	573,955	689,344
Miscellaneous	5,369	-	-	-	5,369
Interest earnings	17,980	21,077	1,973	25	41,055
<i>Total Revenues</i>	393,779	136,466	13,059	573,980	1,117,284
EXPENDITURES					
Personal services	133,667	-	-	-	133,667
Materials and services	110,088	-	-	-	110,088
Debt service					
Principal	15,546	-	-	-	15,546
Interest	5,346	-	-	-	5,346
Capital outlay	28,486	71,621	-	566,227	666,334
<i>Total Expenditures</i>	293,133	71,621	-	566,227	930,981
CHANGE IN FUND BALANCE	100,646	64,845	13,059	7,753	186,303
FUND BALANCE, beginning of year	558,198	636,045	57,752	-	1,251,995
FUND BALANCE, end of year	\$ 658,844	\$ 700,890	\$ 70,811	\$ 7,753	\$ 1,438,298

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 383,600	\$ 383,600	\$ 370,430	\$ (13,170)
Miscellaneous	16,500	16,500	5,369	(11,131)
Interest earnings	2,200	2,200	17,980	15,780
<i>Total Revenues</i>	402,300	402,300	393,779	(8,521)
EXPENDITURES				
Water Operations				
Personal services	157,422	157,422	133,667	23,755
Materials and services	202,100	202,100	110,088	92,012
Capital outlay	470,000	470,000	28,486	441,514
Debt service				
Principal	15,546	15,546	15,546	-
Interest	5,346	5,346	5,346	-
Contingency	101,886	101,886	-	101,886
<i>Total Expenditures</i>	952,300	952,300	293,133	659,167
CHANGE IN FUND BALANCE	(550,000)	(550,000)	100,646	650,646
FUND BALANCE, beginning of year	550,000	550,000	558,198	8,198
FUND BALANCE, end of year	\$ -	\$ -	\$ 658,844	\$ 658,844

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,115,000	\$ 1,115,000	\$ 115,389	\$ (999,611)
Interest earnings	1,000	1,000	21,077	20,077
<i>Total Revenues</i>	1,116,000	1,116,000	136,466	(979,534)
EXPENDITURES				
Water Operations				
Capital outlay	1,752,000	1,752,000	71,621	1,680,379
CHANGE IN FUND BALANCE	(636,000)	(636,000)	64,845	700,845
FUND BALANCE, beginning of year	636,000	636,000	636,045	45
FUND BALANCE, end of year	\$ -	\$ -	\$ 700,890	\$ 700,890

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, 2023**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 44,344	\$ 44,344	\$ 11,086	\$ (33,258)
Interest earnings	300	300	1,973	1,673
<i>Total Revenues</i>	44,644	44,644	13,059	(31,585)
EXPENDITURES				
Water Operations				
Capital outlay	102,370	102,370	-	102,370
CHANGE IN FUND BALANCE	(57,726)	(57,726)	13,059	70,785
FUND BALANCE, beginning of year	57,726	57,726	57,752	26
FUND BALANCE, end of year	\$ -	\$ -	\$ 70,811	\$ 70,811

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER STORAGE TANK/PUMP STATION FUND

YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,215,000	\$ 2,215,000	\$ 573,955	\$ (1,641,045)
Interest earnings	-	-	25	25
<i>Total Revenues</i>	2,215,000	2,215,000	573,980	(1,641,020)
EXPENDITURES				
Water Operations				
Capital outlay	2,215,000	2,215,000	566,227	1,648,773
CHANGE IN FUND BALANCE	-	-	7,753	7,753
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 7,753	\$ 7,753

CITY OF AURORA, OREGON**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(BUDGETARY BASIS) – SEWER OPERATIONS FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>Sewer</u>	<u>Sewer Reserve</u>	<u>Sewer SDC</u>	<u>General Obligation Wastewater Bond</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 384,466
Charges for services	417,314	-	-	-
Licenses and permits	-	-	4,064	-
Intergovernmental	-	-	-	-
Interest earnings	18,027	2,453	2,425	7,557
<i>Total Revenues</i>	435,341	2,453	6,489	392,023
EXPENDITURES				
Personal services	149,061	-	-	-
Materials and services	110,065	-	-	-
Debt service				
Principal	-	-	-	355,000
Interest	-	-	-	28,350
Capital outlay	56,741	-	-	-
<i>Total Expenditures</i>	315,867	-	-	383,350
REVENUES OVER (UNDER) EXPENDITURES	119,474	2,453	6,489	8,673
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,000	-	-
Transfers out	(50,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	(50,000)	50,000	-	-
CHANGE IN FUND BALANCE	69,474	52,453	6,489	8,673
FUND BALANCE, beginning of year	595,224	33,427	79,043	19,248
FUND BALANCE, end of year	\$ 664,698	\$ 85,880	\$ 85,532	\$ 27,921

<i>Wastewater Treatment Facility</i>	<i>Eliminations</i>	<i>Total</i>
\$ -	\$ -	\$ 384,466
-	-	417,314
-	-	4,064
57,730	-	57,730
-	-	30,462
57,730	-	894,036
-	-	149,061
-	-	110,065
-	-	355,000
-	-	28,350
47,170	-	103,911
47,170	-	746,387
10,560	-	147,649
-	(50,000)	-
-	50,000	-
-	-	-
10,560	-	147,649
-	-	726,942
\$ 10,560	\$ -	\$ 874,591

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, 2023**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 411,000	\$ 411,000	\$ 417,314	\$ 6,314
Miscellaneous	250	250	-	(250)
Interest earnings	2,500	2,500	18,027	15,527
<i>Total Revenues</i>	413,750	413,750	435,341	21,591
EXPENDITURES				
Sewer Operations				
Personal services	174,705	174,705	149,061	25,644
Materials and services	237,400	237,400	110,065	127,335
Capital outlay	258,000	258,000	56,741	201,259
Contingency	278,645	278,645	-	278,645
<i>Total Expenditures</i>	948,750	948,750	315,867	632,883
REVENUES OVER (UNDER) EXPENDITURES	(535,000)	(535,000)	119,474	654,474
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	(50,000)	-
CHANGE IN FUND BALANCE	(585,000)	(585,000)	69,474	654,474
FUND BALANCE, beginning of year	585,000	585,000	595,224	10,224
FUND BALANCE, end of year	\$ -	\$ -	\$ 664,698	\$ 664,698

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, 2023

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Interest earnings	\$ 200	\$ 200	\$ 2,453	\$ 2,253
EXPENDITURES				
Sewer Operations				
Capital outlay	83,800	83,800	-	83,800
REVENUES OVER (UNDER) EXPENDITURES	(83,600)	(83,600)	2,453	86,053
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
CHANGE IN FUND BALANCE	(33,600)	(33,600)	52,453	86,053
FUND BALANCE, beginning of year	33,600	33,600	33,427	(173)
FUND BALANCE, end of year	\$ -	\$ -	\$ 85,880	\$ 85,880

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 16,256	\$ 16,256	\$ 4,064	\$ (12,192)
Interest earnings	500	500	2,425	1,925
<i>Total Revenues</i>	16,756	16,756	6,489	(10,267)
EXPENDITURES				
Sewer Operations				
Capital outlay	95,769	95,769	-	95,769
CHANGE IN FUND BALANCE	(79,013)	(79,013)	6,489	85,502
FUND BALANCE, beginning of year	79,013	79,013	79,043	30
FUND BALANCE, end of year	\$ -	\$ -	\$ 85,532	\$ 85,532

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes and assessments	\$ 373,450	\$ 373,450	\$ 384,466	\$ 11,016
Interest earnings	1,200	1,200	7,557	6,357
<i>Total Revenues</i>	374,650	374,650	392,023	17,373
EXPENDITURES				
Debt service				
Principal	355,000	355,000	355,000	-
Interest	28,350	28,350	28,350	-
<i>Total Expenditures</i>	383,350	383,350	383,350	-
CHANGE IN FUND BALANCE	(8,700)	(8,700)	8,673	17,373
FUND BALANCE, beginning of year	18,700	18,700	19,248	548
FUND BALANCE, end of year	\$ 10,000	\$ 10,000	\$ 27,921	\$ 17,921

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – WASTEWATER TREATMENT FACILITY FUND

YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 3,422,000	\$ 3,422,000	\$ 57,730	\$ (3,364,270)
EXPENDITURES				
Sewer Operations				
Capital outlay	3,422,000	3,422,000	47,170	3,374,830
CHANGE IN FUND BALANCE	-	-	10,560	10,560
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,560</u>	<u>\$ 10,560</u>

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(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, 2023, and have issued our report thereon dated November 2, 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.

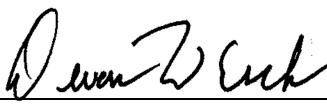
Internal Control Over Financial Reporting

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
November 2, 2023