

City of Aurora, Missouri

Basic Financial Statements
Year Ended December 31, 2023

KPM
CPAS & ADVISORS

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Honorable Mayor and City Council
City of Aurora
Aurora, Missouri

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, Missouri, as of and for the year ended December 31, 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.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the City of Aurora, Missouri, as of December 31, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, Missouri, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of Aurora 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.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

As discussed in Note 13, the City has excluded capital assets related to the Aurora Community Hospital. Accounting principles generally accepted in the United States of America require that capital assets be reported for all governmental activities in the Statement of Net Position, which would affect assets and net position and change in net position. The amount by which this departure would affect the assets and net position and change in net position of the Governmental Activities has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities 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 auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024, on our consideration of the City of Aurora, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Aurora, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 7, 2024

Management's Discussion and Analysis

City of Aurora

Management's Discussion and Analysis

December 31, 2023

The Management's Discussion and Analysis of the City of Aurora, Missouri's financial performance provides an overview of the City's financial activities for the year ended December 31, 2023. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$1,534,834 for the year ended December 31, 2023, as a result of current year activities. The net position of the City's business-type activities increased by \$581,171 for the year. Over time, increases in the net position are a key indicator of the financial health of the City.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2023, by \$32.7 million (net position), an increase of \$2,116,005 from the previous year.

Total liabilities of the City increased by \$11,078,842 during the year ending December 31, 2023. The City issued the Series 2023 Certificates of Participation for a recreation project.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred outflows/inflows using the accrual basis of accounting. This is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's net position – the difference between assets, liabilities, and deferred outflows/inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, electric, gas, and solid waste transfer station services are provided here.

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Fund Financial Statements

The fund financial statements provide detailed information about the City's funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Enterprise Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2023 and December 31, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2023</u>	<u>Total December 31, 2022</u>
Assets				
Current and other assets	\$ 19,531,577	\$ 2,186,887	\$ 21,718,464	\$ 12,399,577
Capital assets	14,977,460	8,511,059	23,488,519	20,111,236
Total Assets	34,509,037	10,697,946	45,206,983	32,510,813
Deferred Outflows of Resources				
Deferred pension outflows	698,335	49,194	747,529	514,728
Total Deferred Outflows of Resources	698,335	49,194	747,529	514,728
Liabilities				
Other liabilities	1,918,810	233,043	2,151,853	1,689,628
Long-term liabilities	11,093,128	7,886	11,101,014	484,397
Total Liabilities	13,011,938	240,929	13,252,867	2,174,025
Deferred Inflows of Resources				
Deferred pension inflows	23,221	1,266	24,487	290,363
	<u>23,221</u>	<u>1,266</u>	<u>24,487</u>	<u>290,363</u>
Net position				
Net investment in capital assets	14,619,549	8,511,059	23,130,608	19,779,936
Restricted	2,087,693	-	2,087,693	-
Unrestricted	5,464,971	1,993,886	7,458,857	10,781,217
Total Net Position	<u>\$ 22,172,213</u>	<u>\$ 10,504,945</u>	<u>\$ 32,677,158</u>	<u>\$ 30,561,153</u>

Total net position of the City increased by \$2,116,005 for the year ended December 31, 2023 totaling \$32,677,158.

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Year Ended December 31, 2023</u>	<u>Total Year Ended December 31, 2022</u>
Revenues, Transfers, and Special Items				
Program Revenues				
Charges for services	\$ 405,865	\$ 1,959,957	\$ 2,365,822	\$ 2,161,736
Operating grants and contributions	441,715	-	441,715	51,514
Capital grants and contributions	1,076,314	-	1,076,314	58,460
General Revenues				
Taxes	6,050,844	-	6,050,844	5,705,843
Interest	220,319	24,650	244,969	13,564
Other revenue	48,064	-	48,064	293,974
Special items	169,378	-	169,378	-
Transfers	181,944	(181,944)	-	-
Total Revenues, Transfers, and Special Items	8,594,443	1,802,663	10,397,106	8,285,091
Expenses				
General government	790,992	-	790,992	614,218
Police and court	2,149,623	-	2,149,623	1,972,387
Fire	789,255	-	789,255	480,405
Streets	1,053,320	-	1,053,320	947,184
Airport	13,059	-	13,059	6,884
Parks	593,203	-	593,203	518,572
Cemetery care	191,358	-	191,358	170,113
Finance and economic development	340,339	-	340,339	273,333
Community development	684,746	-	684,746	300,925
Health and welfare	-	-	-	26,430
Stormwater control	4,961	-	4,961	6,116
Debt service	448,753	-	448,753	9,894
Sewer	-	987,161	987,161	941,682
Sanitation	-	234,331	234,331	-
Total Expenses	7,059,609	1,221,492	8,281,101	6,268,143
<i>Increase in Net Position</i>	<u><u>\$ 1,534,834</u></u>	<u><u>\$ 581,171</u></u>	<u><u>\$ 2,116,005</u></u>	<u><u>\$ 2,016,948</u></u>

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Governmental Activities

Governmental activities increased the net position of the City by \$1,534,834. Tax revenues for the City were \$6,050,844 which represents 73% of the funding of these activities. Program revenues for the functions totaled \$1,923,894 or 23% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Aurora, Missouri's Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 790,992	\$ 721,363
Police and court	2,149,623	1,938,620
Fire	789,255	758,676
Streets	1,053,320	971,332
Airport	13,059	(839,705)
Parks	593,203	513,193
Cemetery care	191,358	154,008
Finance and economic development	340,339	340,339
Community development	684,746	324,275
Health and welfare	-	(200,100)
Stormwater control	4,961	4,961
Debt service	448,753	448,753
	<u>\$ 7,059,609</u>	<u>\$ 5,135,715</u>

Business-Type Activities

Business-type activities increased the City's net position by \$581,171. In the current year, the business-type activities transferred \$181,944 to the governmental funds.

Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2023, was \$16,652,020. The General Fund decreased by \$1,014,891, the Transportation Fund decreased by \$4,150, the Park/Stormwater Fund decreased by \$251,537, the Community Hospital Fund increased by \$297,617, and the Recreation Fund increased by \$10,839,473.

General Fund Budgetary Highlights

Differences between the original and the final budget can be summarized as follows:

- The original revenue budget of \$3,326,350 increased to \$4,133,722 due to an increase of taxes and grants received for the airport project.
- The original expenditures budget of \$4,126,735 was increased to \$4,650,266.

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Capital Asset & Debt Administration

Capital Assets

Capital assets of the governmental activities were \$14,977,460 (net of accumulated depreciation) as of December 31, 2023. This represents a \$2,219,369 increase from the prior year mostly due to airport and recreational center additions. Capital assets for business-type activities were \$8,511,059 as of December 31, 2023. This represents an increase of \$1,157,914 from the prior year mostly due to sewer plan additions.

Debt

Total debt of the governmental activities as of December 31, 2023, was \$10,942,366, which is up from \$331,300 in the prior year. The increase is due to the issuance of the Series 20123 Certificates of Participation.

Business-type activities did not have any debt.

Economic Factors & Next Year's Budget

2024 Budget Objectives

The Fiscal Year 2024 Budget achieves the objectives of providing all Departments with sufficient funding to provide essential services, while also maintaining adequate fund balances or cash reserves. Adequate fund balances/cash reserves are necessary for cash flow requirements and unforeseen contingencies. Fund balances also allow expenditures to exceed revenues if positive fund balances were built up in prior years in anticipation of using that money at a future date.

General Overview

Due to the COVID-19 outbreak in the winter of 2020 and 2021, followed by a prolonged supply chain backlog, many projects that had been planned in FY2020 and FY 2022 were delayed and rebudgeted into FY2024. Those projects are moving forward at this time, and it is expected that they will be completed by year's end; as such, there is a minimal number of projects that are being rebudgeted into the new fiscal year.

In FY2024 projected expenditures in the General Fund are anticipated to exceed revenues by approximately \$155K. This is not an unexpected development. The Capital Improvement Tax that was approved in 2003 for the purpose of constructing the Police and Fire Facility, will come to an end. In the last year planning has been ongoing for the transfer of the operational costs for the Police and Fire Departments that were paid for out of the revenues of the Capital Improvement Tax (PFF) to move over into the General Fund. Chief Coatney and Chief Hurd have worked hard to streamline and trim those budgets in order to not overwhelm the General Fund and there has been a substantial reduction of those expenses to accommodate. The increase to the General Fund Police Budget was \$54,100 in operational costs and the General Fund Fire Budget increased by \$13,430 in operational costs.

The General Fund also absorbed the operational cost of the facilities that are utilized by the Police and Fire Departments; this includes the utilities for these buildings. As such, the General Fund Facilities budget sees an increase of \$43,000 in utility costs. Together these expenses that were previously paid out of the PFF account for \$110,530 of the projected cost overrun of \$155K.

Efforts have been made to reduce energy consumption in the facility by changing over to LED lighting and other improvements that were able to be accomplished with minimal efforts. The only remaining item that need to be

City of Aurora

Management's Discussion and Analysis

December 31, 2023

addressed has also been found to be the main consumer of electricity to operate; HVAC system in the PFF. The current system is 20 years old and is at the end of its useful life. The City has moved forward with working with an engineering firm that specializes in Mechanical, Electrical and Plumbing (MEP) engineering and a replacement plan is being developed at this time. It is expected that the system will be replaced in early 2024 utilizing remaining Capital Improvement Fund – PFF funds for this replacement system. Together, we are optimistic that we will see a reduction in utility costs for the facility, easing the burden on the General Fund. It is expected that there will be remaining funds in the Capital Improvement Fund – PFF; those funds will continue to be invested in order to create an endowment for the PFF Facility. Those funds will be accessed in the future for major repairs or other larger building needs to maintain the facility in prime operating condition for our Police and Fire Departments.

Cash reserves will be used to accommodate the General Fund shortfall for FY2023 without detrimental effects to the cash reserves or the financial stability of the City. The financial positioning of the City continues to be very stable and cash reserves for all funds significantly exceed the recommended minimum of 3 months.

In 2022, the Aurora City Council approved a Cash Reserve Fund Policy of 6 months with the passage of Bill No. 2022 – 3263. This ordinance (Aurora Municipal Code 130.400 – 130.430) requires the City to maintain a 6-month cash reserve for funds subject to the reserve policy. These funds include, the General Fund, Parks and Recreation and Stormwater Fund, Transportation Fund, Capital Improvement Fund, Wastewater Fund, and other operational funds as designated by the Aurora City Council. The Ordinance can be found at: <https://ecode360.com/41253681>

Unallocated Cash Reserve beyond the minimums established by the Cash Reserve Policy are used as needed to complete larger projects, cover revenue shortfalls or budget overages as needed.

The City Council also established an Investment policy with the passage of Bill No. 2022-3270. This Bill established Aurora Municipal Code 130.300. This policy is in accordance with and modeled after the Investment Policy that is established by the Missouri State Treasurers Office. The City of Aurora then became members of the Missouri Investment Securities Program (MOSIP) through the State of Missouri. With joining this program, the City began to invest unallocated funds through the MOSIP. Prior to this, unallocated funds were largely held in non-interest-bearing bank accounts.

In April 2023, the City of Aurora invested over \$2.8M in unallocated City funds. These funds comprise the 6-month minimum cash reserve as described above and required under Aurora Municipal Code 130.400 – 130.430. Quarterly Reports on earnings are provided to the City Council. The Ordinance can be found at: <https://ecode360.com/41253264>

Revenues

Sales Tax

The City is dependent on a strong local economy and most particularly, sales taxes that are generated within the community. In 2020 unprecedented lock-down measures that were implemented at the state and county level cast uncertainty on sales tax revenues. At that time the City Council made the decision to defer or postpone most discretionary spending for the remainder of the year so we could assess the impact these actions would have on our sales tax receipts. The focus for the remainder of the year was on core services and the expenditures that support those. The only exception to that goal was any discretionary capital expenditure that the City of Aurora was already under contract for; this would include the replacement of the City Hall windows.

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Unexpectedly, the City experienced a surge in sales tax receipts in FY2020 and Sales tax receipts have continued to rise year over year despite tough economic winds. In FY2022 Sales Tax revenues in the General Fund ended \$112K higher than FY 2021 and exceeded budgeted projections by \$181K. However, we are seeing a slight slowing of sales tax at this time, which is in keeping with the overall national economy, but still remain on track to exceed budget sales tax revenue projections this year. Regretfully, it must be noted, higher sales tax revenues are a product of inflation because of the higher prices on goods and services. The City also faces those increasing prices for the goods and services it needs to be able to continue providing the valuable services to the Community.

Projections for sales tax for the upcoming fiscal year are higher but are realistic. Over the last five years (2018 – 2022) the City has averaged 8% per year increase in sales taxes collected. I tend to budget sales tax revenues on the conservative side; for instance, the budgeted FY 2023 General Fund Sales Tax of \$1.4M was approximately the amount that was actually collected in FY2021. With that in mind, FY2024 General Fund Sales Tax projections are set at \$1.5M.

Property Tax Revenue

The City Council established the City's Property tax rate for FY2024 in August of 2023. At that time, the City Council held the Property tax steady with no increase for Aurora residents.

Planned Expenditures

Personnel Discussion

In 2023 the Council continued to work toward ensuring that employees are compensated fairly, and also worked to ensure that the City does not fall behind in employee compensation as a result of the Missouri Minimum Wage Law that was approved by the voters in 2018. The Missouri Minimum Wage Law is an indexed annual adjustment that is based on the Consumer Price Index (CPI) that is calculated by the U.S. Department of Labor monthly. The MO Minimum Wage Law makes an annual adjustment of the minimum wage based on the July report of the CPI for Urban Wage Earners and Clerical Workers (CPI-W). In order to remain competitive in the employment market, a recommended increase of 3.2% has been implemented into this Recommended Budget that is before the Council for consideration.

Employee Health Insurance saw an increase of only 3% for the upcoming year. It bears stating that the Council is aware that we will need to continue to watch the expenses in this cost center.

Operation and Maintenance Costs

In the proposed FY2024 budget, there was an overall decrease of operational costs of 2%. That is primarily the result of Debt Service that has come to an end in the FY2023 Budget year. The final payments for the Police and Fire Facility Debt will be completed in November. With that payment complete, the City of Aurora will be completely debt free for the first time in 20 years.

The City Council continues to support our Community Partners in the community by providing vital financial support to the Aurora Chamber of Commerce and the Aurora Smile Center, Come and Dine and other worthwhile projects. These programs make a significant impact within our community in addressing a number of issues such as hunger, oral hygiene, infant care and many other important services that the City is unable to provide itself.

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Within Community Development, the City has been working with developers on a number of developments. The planned housing developments within our community that have been completed or are in the process of being completed, are a welcome addition. The Lyla Corners Development is also moving forward with the construction of a Kum and Go, and it is hoped that additional businesses will soon be developed there as well. In a partnership with the Southwest Missouri Council of Governments (SMCOG) the City's Comprehensive Plan that was completed in 2009 has been updated within the last year and accepted by the Aurora City Council.

Funding continues to be budgeted each year in the Community Development Department for the demolition of unsafe, dilapidated structures as well as cleanup efforts throughout the community. It is hoped that these efforts along with removing blight buildings will continue to beautify the community while making neighborhoods safer.

Department Heads and Staff continue to establish a pattern to proactively work within their departmental budgets without exceeding them, looking for cost saving opportunities, and taking cost cutting measures while still working to increase cost leadership and increase services/products to better serve the citizens of Aurora.

Capital Projects

For FY2024, there is a substantial reduction in the number of Capital Projects that are planned. As stated above, many of the projects that were budgeted for in the FY2023 budget were items that were rebudgeted from previous years but delayed due to COVID and Supply Chain issues. The FY2024 Budget has a minimum of large capital projects or capital purchases (vehicles & Equipment) budgeted. Significant funding has been slated for street repair and maintenance in the Transportation Fund.

The City continues to benefit from grant opportunities through the Missouri Department of Transportation. In 2023, the City received a grant in the amount of \$448K for the construction of a walking trail from Crosby Park to Robinson School. That project is in the planning stages at this time, and it is expected to be completed in FY2024.

The Street Department continues to budget significant funding for the repair, reconstruction, and maintenance of City streets. In recent years funding has been dedicated for the purchase of maintenance equipment that will assist the Street Department in preventative maintenance efforts to lengthen the useful life of City streets. These efforts make the dollars that the City spends on annual paving go further over the life of a paved street.

Beginning in FY2020, the Council budgeted funding to address some areas of concern in Maple Park Cemetery, primarily the repair or repaving of the roads within the cemetery. In the FY2024 budget, we have recommended funding to continue paving of the cemetery roads. These projects are multi-year projects that will be completed over the course of the next few budget years until complete. These roads should last for the next 20 years or more.

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Wastewater Enterprise Fund

The FY2024 Budget continues the primary objective of rehabilitation and repair of the wastewater collection system and the wastewater treatment plant. Since 2016 the City Council has undertaken a holistic approach to addressing the serious deficiencies in the wastewater system for the City. Concentrated efforts have been taken to address Inflow and Infiltration (I&I) problems in the 55+ miles of pipes and sewer mains that run throughout the community. \$400,000 has been budgeted for the last four years to address this through inspections, and the lining and replacement of sewer lines within the community. For FY2024, this funding has been increased to \$500K. This long-term project continues for FY2024. The Wastewater Department has a goal of lining or the replacement one to two miles of sewer lines annually. With more than fifty-five (55) miles of sewer lines running under our city streets, it is easy to see that this is a long-term project that we will continue to work on for many years to come.

The Wastewater Treatment Plant (WWTP) has also been a focus of needed repairs and upgrades in the past three years. The last upgrade of the WWTP occurred in 2001. In FY2020, FY 2021, FY 2022 and FY 2023, several repairs and rehabilitation projects were undertaken to address serious issues at the WWTP; FY2024 continues that progress. City Staff are working with our engineering firm Allgeier, Martin and Associates in planning repairs and plant upgrades that will bring the WWTP back to efficient and effective operational condition. The City is pursuing funding through the Missouri Department of Natural Resources State Revolving Fund program that is available for low-cost financing for the needed repairs and restoration projects at the WWTP. This project is slated to cost approximately \$4M. Using the SRF fund program makes this rehabilitation project possible. Additionally, it is through these efforts that the City was able to secure a grant in the amount of \$2M for this needed rehabilitation project. These projects will make the current WWTP viable for another 20 years or more, deferring the construction of a new WWTP.

Conclusion

The FY2024 Budget continues to address the priorities, objectives and goals of the Aurora City Council and places high importance on enhancing the community, and ensuring the health, safety and welfare of its Citizens in a proactive and sustainable manner.

The City Council through the FY2024 Budget continues to prioritize:

1. Providing Increased Services and Products to citizens and visitors to our community
2. Cost Leadership by providing those services and products in the most cost efficient and cost effect manner possible
3. Increased Productivity by providing our staff the resources and tools necessary to meet the challenges and difficulties they face in doing their jobs in a proficient manner
4. Creating a positive and team-oriented work atmosphere for employees that encourages professionalism, accountability, and integrity
5. Transparency to the community that we work for by conducting City business in an open, transparent, ethical, and collaborative manner that encourages the public to be a part of the process

City of Aurora

Management's Discussion and Analysis

December 31, 2023

Contacting the City's Financial Management

For additional information or questions, please contact:

Jon Holmes, City Manager

City of Aurora
2 West Pleasant
Aurora, Missouri 65605
(417) 678-5121

City of Aurora

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 1,505,909	\$ 1,105,940	\$ 2,611,849
Investments - unrestricted	3,925,354	682,528	4,607,882
Taxes receivable	742,028	-	742,028
Grants receivable	448,796	-	448,796
Utilities receivable, net	-	157,347	157,347
Other receivables	200,427	-	200,427
Prepaid expenses	121,998	35,964	157,962
Noncurrent			
Restricted cash and cash equivalents	-	171,530	171,530
Restricted Investments	11,593,593	-	11,593,593
Net pension asset	993,472	33,578	1,027,050
Capital assets			
Non-depreciable	4,122,444	246,272	4,368,716
Depreciable, net	10,855,016	8,264,787	19,119,803
Total Assets	34,509,037	10,697,946	45,206,983
Deferred Outflows of Resources			
Deferred pension outflow	698,335	49,194	747,529
Total Deferred Outflows of Resources	698,335	49,194	747,529
Liabilities			
Current			
Accounts payable	739,234	58,198	797,432
Accrued wages	49,966	2,695	52,661
Accrued liabilities	22,533	620	23,153
Other liabilities	31,337	-	31,337
Customer deposits	-	171,530	171,530
Unearned revenue	1,009,138	-	1,009,138
Accrued interest payable	66,602	-	66,602
	1,918,810	233,043	2,151,853
Noncurrent			
Certificates of participation, net	10,942,366	-	10,942,366
Compensated absences payable	150,762	7,886	158,648
Total Liabilities	13,011,938	240,929	13,252,867
Deferred Inflows of Resources			
Deferred pension inflows	23,221	1,266	24,487
Total Deferred Inflows of Resources	23,221	1,266	24,487
Net Position			
Net investment in capital assets	14,619,549	8,511,059	23,130,608
Restricted	2,087,693	-	2,087,693
Unrestricted	5,464,971	1,993,886	7,458,857
Total Net Position	\$ 22,172,213	\$ 10,504,945	\$ 32,677,158

See accompanying Notes to the Financial Statements

City of Aurora

Balance Sheet – Governmental Funds

December 31, 2023

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Transportation Fund	Park/ Stormwater Fund	Community Hospital Fund	Recreation Fund		
Assets							
Cash and cash equivalents - unrestricted	\$ 436,806	\$ 8,553	\$ 40,302	\$ 525,524	\$ 46,597	\$ 448,127	\$ 1,505,909
Investments	676,973	170,488	287,464	1,759,442	750,000	280,987	3,925,354
Property taxes receivable	280,510	-	-	-	-	-	280,510
Sales taxes receivable	153,719	61,285	61,285	-	-	61,285	337,574
Franchise taxes receivable	93,343	-	-	-	-	-	93,343
Motor fuel taxes receivable	-	30,601	-	-	-	-	30,601
Grants receivable	8,078	440,718	-	-	-	-	448,796
Other receivables	327	-	-	200,100	-	-	200,427
Prepaid expenses	79,833	20,397	10,207	-	-	11,561	121,998
Investments - restricted	1,009,138	-	-	-	10,584,455	-	11,593,593
Total Assets	<u>\$ 2,738,727</u>	<u>\$ 732,042</u>	<u>\$ 399,258</u>	<u>\$ 2,485,066</u>	<u>\$ 11,381,052</u>	<u>\$ 801,960</u>	<u>\$ 18,538,105</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 149,191	\$ 126,154	\$ 3,903	\$ -	\$ 458,450	\$ 1,536	\$ 739,234
Accrued wages	41,404	6,006	2,517	-	-	39	49,966
Other accrued liabilities	21,139	197	1,197	-	-	-	22,533
Unearned revenue	1,009,138	-	-	-	-	-	1,009,138
Other liabilities	31,337	-	-	-	-	-	31,337
Total Liabilities	<u>1,252,209</u>	<u>132,357</u>	<u>7,617</u>	<u>-</u>	<u>458,450</u>	<u>1,575</u>	<u>1,852,208</u>
Deferred Inflows of Resources							
Unavailable property tax revenue	33,877	-	-	-	-	-	33,877
Fund Balances							
Nonspendable							
Prepaid items	79,833	20,397	10,207	-	-	11,561	121,998
Restricted for							
Transportation	-	579,288	-	-	-	-	579,288
Park/Stormwater control	-	-	381,434	-	-	-	381,434
Recreation	-	-	-	-	338,147	-	338,147
Public safety	-	-	-	-	-	756,813	756,813
Economic development	-	-	-	-	-	32,011	32,011
Building projects	-	-	-	-	10,584,455	-	10,584,455
Committed to							
Community hospital	-	-	-	2,485,066	-	-	2,485,066
Unassigned	1,372,808	-	-	-	-	-	1,372,808
Total Fund Balances	<u>1,452,641</u>	<u>599,685</u>	<u>391,641</u>	<u>2,485,066</u>	<u>10,922,602</u>	<u>800,385</u>	<u>16,652,020</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,738,727</u>	<u>\$ 732,042</u>	<u>\$ 399,258</u>	<u>\$ 2,485,066</u>	<u>\$ 11,381,052</u>	<u>\$ 801,960</u>	<u>\$ 18,538,105</u>

See accompanying Notes to the Financial Statements

City of Aurora

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2023

Fund balance - total governmental funds	\$ 16,652,020
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	24,237,746
Less: Accumulated depreciation	<u>(9,260,286)</u>
	14,977,460
The net pension asset and deferred costs are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension asset	993,472
Deferred pension outflows	698,335
Deferred pension inflows	<u>(23,221)</u>
	1,668,586
Revenue that is deferred in the funds financial statement because it is not available	33,877
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(66,602)
Long-term liabilities are not due and payable in the current in period and therefore are not reported in the funds	<u>(11,093,128)</u>
Net position of governmental activities	<u><u>\$ 22,172,213</u></u>

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

December 31, 2023

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Transportation Fund	Park/Storm Water Fund	Community Hospital Fund	Recreation Fund		
Revenues							
Taxes							
Property taxes	\$ 318,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,610
Sales taxes	1,539,203	769,601	769,404	-	-	856,949	3,935,157
Motor fuel taxes	-	368,454	-	-	-	-	368,454
Franchise taxes	1,004,977	-	-	-	-	-	1,004,977
Use tax	420,807	-	-	-	-	-	420,807
Licenses and permits	56,993	-	-	-	-	-	56,993
Intergovernmental revenues							
Federal and state grants	425,443	846,914	-	-	-	-	1,272,357
Other intergovernmental	38,870	-	-	-	-	-	38,870
Charges for services							
Police services	68,994	-	-	-	-	-	68,994
Billboard charges	1,260	-	-	-	-	-	1,260
Cemetery	37,350	-	-	-	-	-	37,350
Street	28,696	53,292	-	-	-	-	81,988
Airport	-	5,850	-	-	-	-	5,850
Park	-	-	79,106	-	-	-	79,106
Fines and forfeitures	74,224	-	-	-	-	-	74,224
Interest income	67,112	13,413	10,382	97,517	21,747	10,148	220,319
Other							
Donations	5,898	-	904	-	-	-	6,802
Building agreement	-	-	-	200,100	-	-	200,100
Miscellaneous	45,285	100	353	-	-	2,326	48,064
Total Revenues	4,133,722	2,057,624	860,149	297,617	21,747	869,423	8,240,282
Expenditures							
Current							
General government	680,575	-	-	-	-	4,658	685,233
Police and court	1,790,029	-	-	-	-	198,530	1,988,559
Fire	653,344	-	-	-	-	22,593	675,937
Street	-	843,194	-	-	-	-	843,194
Airport	-	13,059	-	-	-	-	13,059
Parks and recreation	-	-	469,820	-	34,828	-	504,648
Cemetery care	182,100	-	-	-	-	-	182,100
Finance and economic development	272,006	-	-	-	-	70,339	342,345
Community development	685,771	-	-	-	-	-	685,771
Stormwater control	-	-	4,961	-	-	-	4,961
Capital outlay	386,441	1,151,504	49,777	-	1,217,154	27,770	2,832,646
Debt service							
Principal	-	-	-	-	-	331,300	331,300
Interest	-	-	-	-	-	3,465	3,465
Issuance fees	-	-	-	-	379,658	-	379,658
Total Expenditures	4,650,266	2,007,757	524,558	-	1,631,640	658,655	9,472,876
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(516,544)	49,867	335,591	297,617	(1,609,893)	210,768	(1,232,594)
Other Financing Sources (Uses)							
Sale of capital assets	96,290	-	-	-	-	-	96,290
Net insurance recovery	73,088	-	-	-	-	-	73,088
Debt proceeds	-	-	-	-	10,790,000	-	10,790,000
Debt premium	-	-	-	-	152,366	-	152,366
Operating transfers in (out)	(667,725)	(54,017)	(587,128)	-	1,507,000	(16,186)	181,944
Total Other Financing Sources (Uses)	(498,347)	(54,017)	(587,128)	-	12,449,366	(16,186)	11,293,688
<i>Net Change in Fund Balances</i>	(1,014,891)	(4,150)	(251,537)	297,617	10,839,473	194,582	10,061,094
Fund Balance, January 1	2,467,532	603,835	643,178	2,187,449	83,129	605,803	6,590,926
Fund Balance, December 31	\$ 1,452,641	\$ 599,685	\$ 391,641	\$ 2,485,066	\$ 10,922,602	\$ 800,385	\$ 16,652,020

See accompanying Notes to the Financial Statements

City of Aurora

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ 10,061,094
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation for the year.

Capital outlay	2,790,597
Depreciation	(571,228)
	2,219,369

Property taxes in the Statement of Activities includes all billed amounts which differ from the current financial resource measurement of the governmental funds. This is the net difference of both measurements	2,839
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The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding bonds whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.

Repayment of principal on long-term debt	331,300
Debt proceeds	(10,790,000)
Premium on debt proceeds	(152,366)
Interest	(65,630)
	(10,676,696)

Some revenues and expenditures reported in the governmental funds represent the current financial resources and uses and were recognized in the Statement of Activities when incurred.

Change in pension related costs	(31,554)
Change in compensated absences	(40,218)
	(71,772)
Change in net position of governmental activities	\$ 1,534,834

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Net Position – Proprietary Funds

December 31, 2023

	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Assets			
Current Assets			
Cash and cash equivalents - unrestricted	\$ 1,082,911	\$ 23,029	\$ 1,105,940
Investments	682,528	-	682,528
Utilities receivable, net	125,209	32,138	157,347
Prepaid assets	35,964	-	35,964
Total Current Assets	1,926,612	55,167	1,981,779
Noncurrent Assets			
Cash and cash equivalents - restricted	171,530	-	171,530
Net pension asset	33,578	-	33,578
Capital assets			
Non-depreciable	246,272	-	246,272
Depreciable, net	8,264,787	-	8,264,787
Total Noncurrent Assets	8,716,167	-	8,716,167
Total Assets	10,642,779	55,167	10,697,946
Deferred Outflows of Resources			
Deferred pension outflow	49,194	-	49,194
Liabilities			
Current Liabilities			
Accounts payable	22,151	36,047	58,198
Accrued wages	2,695	-	2,695
Other accrued liabilities	620	-	620
Customer deposits	171,530	-	171,530
Total Current Liabilities	196,996	36,047	233,043
Noncurrent Liabilities			
Compensated absences	7,886	-	7,886
Total Liabilities	204,882	36,047	240,929
Deferred Inflows of Resources			
Deferred pension inflows	1,266	-	1,266
Net Position			
Net investment in capital assets	8,511,059	-	8,511,059
Unrestricted	1,974,766	19,120	1,993,886
Total Net Position	\$ 10,485,825	\$ 19,120	\$ 10,504,945

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended December 31, 2023

	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Operating Revenues			
Charges for services	\$ 1,706,350	251,767	\$ 1,958,117
Miscellaneous revenues	156	1,684	1,840
Total Operating Revenues	1,706,506	253,451	1,959,957
Operating Expenses			
Advertising	-	6,083	6,083
Chemicals	4,585	-	4,585
Collection system	64,581	-	64,581
Computer software and expenses	10,409	2,000	12,409
Contract services	-	215,260	215,260
Depreciation	270,584	-	270,584
Dues and training	3,773	-	3,773
Empire water reconnect	3,695	-	3,695
Employee benefits	60,701	-	60,701
Fuel	7,159	-	7,159
Insurance	64,633	-	64,633
Merchant services fees	17,886	-	17,886
Miscellaneous	3,901	-	3,901
Office supplies and postage	22,811	7,190	30,001
Payroll taxes	14,786	-	14,786
Permits, licenses, and fees	6,174	-	6,174
Professional fees	19,038	-	19,038
Repairs & maintenance	64,516	3,457	67,973
Retirement expense	17,915	-	17,915
Salaries	191,027	-	191,027
Supplies	5,186	341	5,527
Telephone	5,483	-	5,483
Uniforms	4,094	-	4,094
Utilities	124,224	-	124,224
Total Operating Expenses	987,161	234,331	1,221,492
<i>Operating Income</i>	719,345	19,120	738,465
Nonoperating Revenues (Expenses)			
Interest income	24,650	-	24,650
<i>Income Before Operating Transfers</i>	743,995	19,120	763,115
Operating Transfers In (Out)	(181,944)	-	(181,944)
<i>Changes in Net Position</i>	562,051	19,120	581,171
Net Position, January 1	9,923,774	-	9,923,774
Net Position, December 31	\$10,485,825	\$ 19,120	\$10,504,945

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2023

	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,726,201	\$ 219,629	\$ 1,945,830
Cash paid to suppliers	(514,768)	(198,284)	(713,052)
Cash paid to employees	(195,627)	-	(195,627)
Other operating receipts	156	1,684	1,840
Net Cash Provided by Operating Activities	<u>1,015,962</u>	<u>23,029</u>	<u>1,038,991</u>
Cash Flows from Noncapital Financing Activities			
Transfers (to) from other funds	(181,944)	-	(181,944)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,428,496)	-	(1,428,496)
Cash Flows from Investing Activities			
Purchase of investments	(682,528)	-	(682,528)
Interest received	24,650	-	24,650
Net Cash (Used) by Investing Activities	<u>(657,878)</u>	<u>-</u>	<u>(657,878)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1,252,356)	23,029	(1,229,327)
Cash and Cash Equivalents, Beginning of year	<u>2,506,797</u>	<u>-</u>	<u>2,506,797</u>
Cash and Cash Equivalents, End of year	1,254,441	23,029	1,277,470
Less Restricted Cash and Cash Equivalents	<u>171,530</u>	<u>-</u>	<u>171,530</u>
Unrestricted Cash and Cash Equivalents	<u>\$ 1,082,911</u>	<u>\$ 23,029</u>	<u>\$ 1,105,940</u>

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2023

	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total Enterprise Funds</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 719,345	\$ 19,120	\$ 738,465
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	270,584	-	270,584
(Increase) decrease in			
Utilities receivable, net	1,418	(32,138)	(30,720)
Prepaid expenses	(7,210)	-	(7,210)
Deferred pension outflows	(4,243)	-	(4,243)
Net pension asset	57,141	-	57,141
Increase (decrease) in			
Accounts payable	(12,476)	36,047	23,571
Accrued expenses	(1,126)	-	(1,126)
Customer deposits	18,433	-	18,433
Compensated absences payable	(3,350)	-	(3,350)
Deferred pension inflows	(22,554)	-	(22,554)
Net Cash Provided by Operating Activities	<u>\$ 1,015,962</u>	<u>\$ 23,029</u>	<u>\$ 1,038,991</u>

See accompanying Notes to the Financial Statements

City of Aurora

Notes to the Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

The City of Aurora, Missouri, (the City) operates under the provisions of the State of Missouri. The City operates under a Council – Manager form of government and provides the following services: public safety (police and fire), streets, airport, parks and recreation, community development, cemetery care, and general administrative services. Other services include sewer and sanitation services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and enterprise funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

City of Aurora

Notes to the Financial Statements

December 31, 2023

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Transportation Fund: The Transportation Fund of the City is used to account for resources restricted, committed or assigned for streets and airport.

Park/Stormwater Fund: The Park/Stormwater Fund of the City is used to account for resources restricted, committed or assigned for park and stormwater operations and projects.

Community Hospital Fund: The Community Hospital Fund of the City is used to account for resources restricted, committed or assigned for hospital projects in accordance with the agreement with Mercy Health Systems

Recreation Fund: The Recreation Fund of the City is used to account for resources restricted, committed or assigned for recreation projects of the City.

The City reports the following major proprietary funds:

Sewer Fund: The Sewer Fund of the City is used to account for the activities and capital improvements of the City's sewer operations.

Sanitation Fund: The Sanitation Fund of the City is used to account for the activities and capital improvements of the City's solid waste operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$1,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

City of Aurora

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In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and improvements	40 years
Utility plants	20-50 years
Equipment	5-10 years
Vehicles	5-10 years
Infrastructure	20-40 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments consist of investment pools with original maturities in excess of three months.

Unearned Revenue

This is future revenue received for unspent grant proceeds and will be recognized as income when earned.

Compensated Absences

Employees earn vacation and sick leave time based on the number of years of service to the City. Outstanding vacation leave and a portion of sick leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

City of Aurora

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Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualify for reporting in this category, deferred amounts relating to the pension plan.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City's governmental activities reports deferred inflows related to pension. The governmental funds report deferred inflows from unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Debt Premium

Debt premiums are deferred and amortized over the term of the debt obligation using the straight-line method, which approximates the effective interest method.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, and various services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services producing and delivering goods and services. All other revenue expenses are considered nonoperating.

Pensions

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

City of Aurora

Notes to the Financial Statements

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Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

City of Aurora

Notes to the Financial Statements

December 31, 2023

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2023, all bank balances on deposit are entirely insured or collateralized.

3. Investments

Investments of the City as of December 31, 2023, consists of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Security Bank of KC		
Federated Government Obligations Fund	N/A	\$ 10,219,395
Money Market Investment Account	N/A	365,060
Missouri Securities Investment Program		
Liquid Series - Local Government Investment Pool	N/A	5,617,020
		<u>\$ 16,201,475</u>

Missouri Securities Investment Program

The City funds in the Missouri Securities Investment Program are invested in liquid series, a cash management fund, in which the City has a pro-rata share. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes and the fund has a current rating of AAAm by S&P. As a cash management fund, the fund is not subject to fair market value.

Security Bank of KC Funds

The City funds in Security Bank of KC are invested in liquid and money market funds. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes and are available upon request from the City.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's policy minimizes credit risk by pre-qualifying the financial institutions and broker/dealers with which the City will do business with.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has minimized interest rate risk by investing in only liquid securities.

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. However, no investments other than those issued or guaranteed by the U.S. government exceeded 5% of the total value of all investments.

City of Aurora

Notes to the Financial Statements

December 31, 2023

4. Restricted Assets and Net Position

Cash and investments and net position have been restricted as follows:

	Restricted Cash and Investments
General Fund	
ARPA Funds	\$ 1,009,138
Recreation Fund	
Series 2023 COP projects	\$ 10,584,455
Sewer Fund	
Customer deposits	\$ 171,530

Additionally net position was restricted for transportation in the amount of \$579,288, Park/stormwater control in the amount of \$381,434, recreation in the amount of \$338,147, public safety in the amount of \$756,813, and economic development in the amount of \$32,011. Total restricted net position for the City at December 31, 2013 is \$2,087,693.

5. Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
Utilities Receivable			
Sewer Fund	\$ 131,799	\$ (6,590)	\$ 125,209
Sanitation Fund	33,830	(1,692)	32,138
Total Utilities Receivable	\$ 165,629	\$ (8,282)	\$ 157,347

6. Long-Term Liabilities – Governmental Activities

Certificates of Participation

On November 1, 2023, the City issued Series 2023 Certificates of Participation (COP) for the purpose to acquire, construct, improve, furnish, equip and install a multi-function recreation and event center and stormwater improvements. The Certificates of Participation were issued in the principal amount of \$10,790,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2023 certificates bear interest at 4.625% to 5.00% with principal payments due November 1 and interest payments due May 1 and November 1 of each year.

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The Series 2023 COP outstanding at December 31, 2023 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ -	\$ 510,617	\$ 510,617
2025	150,000	532,818	682,818
2026	160,000	525,318	685,318
2027	165,000	517,318	682,318
2028	225,000	509,068	734,068
2029	235,000	497,820	732,820
2030	245,000	486,068	731,068
2031	310,000	473,820	783,820
2032	325,000	458,318	783,318
2033	340,000	442,070	782,070
2034	405,000	425,070	830,070
2035	425,000	404,818	829,818
2036	445,000	383,568	828,568
2037	515,000	361,320	876,320
2038	540,000	337,500	877,500
2039	665,000	311,850	976,850
2040	695,000	280,262	975,262
2041	730,000	247,250	977,250
2042	765,000	210,750	975,750
2043	800,000	172,500	972,500
2044	840,000	132,500	972,500
2045	880,000	90,500	970,500
2046	930,000	46,500	976,500
	<u>\$ 10,790,000</u>	<u>\$ 8,357,623</u>	<u>\$ 19,147,623</u>

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2023, is as follows:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amounts Due Within One Year
Certificates of Participation					
Series 2016	\$ 331,300	\$ -	\$ 331,300	\$ -	\$ -
Series 2023	-	10,790,000	-	10,790,000	-
Unamortized premium	-	152,366	-	152,366	-
	<u>331,300</u>	<u>10,942,366</u>	<u>331,300</u>	<u>10,942,366</u>	<u>-</u>
Compensated Absences	110,544	40,218	-	150,762	-
	<u>\$ 441,844</u>	<u>\$ 10,982,584</u>	<u>\$ 331,300</u>	<u>\$ 11,093,128</u>	<u>\$ -</u>

City of Aurora

Notes to the Financial Statements

December 31, 2023

7. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 2,745,307	\$ -	\$ -	\$ 2,745,307
Construction in progress	832,136	1,292,050	747,049	1,377,137
Total non-depreciable capital assets	3,577,443	\$ 1,292,050	\$ 747,049	4,122,444
Depreciable capital assets				
Building and improvements	6,945,473	\$ 57,970	\$ -	7,003,443
Equipment	2,882,589	73,280	-	2,955,869
Vehicles	2,483,566	271,103	23,239	2,731,430
Infrastructure	5,581,317	1,843,243	-	7,424,560
Total depreciable capital assets	17,892,945	\$ 2,245,596	\$ 23,239	20,115,302
Less accumulated depreciation	8,712,297	\$ 571,228	\$ 23,239	9,260,286
Total depreciable capital assets, net	9,180,648	\$ 571,228	\$ 23,239	10,855,016
Total Governmental Activities Capital Assets, net	\$ 12,758,091			\$ 14,977,460

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$ 63,381
Police and courts	169,319
Fire	27,552
Streets and airport	212,578
Parks	89,242
Cemetery	9,156
	\$ 571,228

City of Aurora

Notes to the Financial Statements

December 31, 2023

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Business-Type Activities				
<i>Sewer Fund</i>				
Non-depreciable capital assets				
Construction in progress	\$ 340,828	\$ 95,672	\$ 190,228	\$ 246,272
Depreciable capital assets				
Plant	12,405,982	\$ 965,985	\$ -	13,371,967
Equipment	532,228	2,750	-	534,978
Vehicles	484,615	554,319	-	1,038,934
	13,422,825	\$ 1,523,054	\$ -	14,945,879
Less accumulated depreciation	6,410,508	\$ 270,584	\$ -	6,681,092
Depreciable Capital Assets, net	7,012,317			8,264,787
Total Business-Type Activities Capital Assets, net	\$ 7,353,145			\$ 8,511,059

8. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	2023
Assessed Valuation	
Real estate	\$ 73,831,990
Personal property	23,368,681
Total	\$ 97,200,671
 Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.3630

The legal debt margin at December 31, 2023, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 9,720,067	\$ 9,720,067	\$ 19,440,134
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 9,720,067	\$ 9,720,067	\$ 19,440,134

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(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

9. Employee Pension Plan

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755.

As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2023 Valuation</u>
Benefit multiplier	1.75% for life
Final average salary	3 years
Member contributions	0%

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

City of Aurora

Notes to the Financial Statements

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Employees Covered by Benefit Terms. At June 30, 2023, the following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	30	16	1	47
Inactive employees entitled to but not yet receiving benefits	25	24	10	59
Active employees	31	15	7	53
	86	55	18	159

Contributions. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City’s contribution rates are 12.3% (General), 10.9% (Police), and 4.6% (Fire) of annual covered payroll.

Net Pension Asset. The City’s net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2023.

Actuarial Assumptions. The total pension liability in the February 28, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including inflation for General Division 2.75% to 6.55% including inflation for Police Division 2.75% to 7.15% including inflation for Fire Division
Investment rate of return	7.00% net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2023, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

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

City of Aurora

Notes to the Financial Statements

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The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
General Division			
Balances at beginning of year	\$ 4,986,478	\$ 5,633,022	\$ (646,544)
Changes for the year			
Service cost	139,706	-	139,706
Interest	346,902	-	346,902
Difference between expected and actual experiences	273,247	-	273,247
Contributions - employer	-	186,074	(186,074)
Net investment income	-	212,726	(212,726)
Benefits paid, including refunds	(202,247)	(202,247)	-
Administrative expenses	-	(11,417)	11,417
Other changes	-	53,516	(53,516)
<i>Net Changes</i>	557,608	238,652	318,956
Balances at end of year	5,544,086	5,871,674	(327,588)

City of Aurora

Notes to the Financial Statements

December 31, 2023

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Police Division			
Balances at beginning of year	2,669,366	3,118,896	(449,530)
Changes for the year			
Service cost	85,525	-	85,525
Interest	186,739	-	186,739
Difference between expected and actual experiences	(8,991)	-	(8,991)
Contributions - employer	-	92,659	(92,659)
Net investment income	-	110,061	(110,061)
Benefits paid, including refunds	(88,912)	(88,912)	-
Administrative expenses	-	(5,784)	5,784
Other changes	-	(1,461)	1,461
<i>Net Changes</i>	174,361	106,563	67,798
Balances at end of year	2,843,727	3,225,459	(381,732)
Fire Division			
Balances at beginning of year	1,435,747	1,927,328	(491,581)
Changes for the year			
Service cost	43,866	-	43,866
Interest	100,715	-	100,715
Difference between expected and actual experiences	63,848	-	63,848
Contributions - employer	-	14,191	(14,191)
Net investment income	-	66,109	(66,109)
Benefits paid, including refunds	(37,674)	(37,674)	-
Administrative expenses	-	(1,218)	1,218
Other changes	-	(44,504)	44,504
<i>Net Changes</i>	170,755	(3,096)	173,851
Balances at end of year	1,606,502	1,924,232	(317,730)
Total Plan Balances at End of Year	\$ 9,994,315	\$ 11,021,365	\$ (1,027,050)

Net Pension Asset is allocated as follows:

	Net Pension Asset
Governmental Activities	\$ 993,472
Business-Type Activities	33,578
	\$ 1,027,050

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Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following present the Net Pension Liability (Asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's Net Pension Liability (Asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 6,367,630	\$ 5,544,086	\$ 4,868,396
Fiduciary Net Position	5,871,674	5,871,674	5,871,674
Net Pension Liability (Asset)	495,956	(327,588)	(1,003,278)
Police Division			
Total Pension Liability	3,297,534	2,843,727	2,479,584
Fiduciary Net Position	3,225,459	3,225,459	3,225,459
Net Pension Liability (Asset)	72,075	(381,732)	(745,875)
Fire Division			
Total Pension Liability	1,868,335	1,606,502	1,393,730
Fiduciary Net Position	1,924,232	1,924,232	1,924,232
Net Pension Liability (Asset)	(55,897)	(317,730)	(530,502)
Total Net Pension Liability (Asset)	\$ 512,134	\$ (1,027,050)	\$ (2,279,655)

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

For the year ended December 31, 2023, the City recognized a pension expense of \$365,136. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources
General Division			
Differences in experiences	\$ 320,279	\$ -	\$ 320,279
Differences in assumptions	-	(12,353)	(12,353)
Excess (deficit) investment returns	60,239	-	60,239
Contributions subsequent to the measurement date*	97,874	-	97,874
	478,392	(12,353)	466,039

City of Aurora

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December 31, 2023

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources
Police Division			
Differences in experiences	34,102	(6,605)	27,497
Differences in assumptions	-	(2,699)	(2,699)
Excess (deficit) investment returns	50,584	-	50,584
Contributions subsequent to the measurement date*	49,714	-	49,714
	134,400	(9,304)	125,096
Fire Division			
Differences in experiences	95,220	(671)	94,549
Differences in assumptions	-	(2,159)	(2,159)
Excess (deficit) investment returns	31,749	-	31,749
Contributions subsequent to the measurement date*	7,768	-	7,768
	134,737	(2,830)	131,907
Total	\$ 747,529	\$ (24,487)	\$ 723,042

The deferred (inflow) and outflow of resources are allocated as follows:

Governmental Activities	\$ 698,335	\$ (23,221)	\$ 675,114
Business-Type Activities	49,194	(1,266)	47,928
Total	\$ 747,529	\$ (24,487)	\$ 723,042

*The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2024.

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

	General Net Deferred (Inflow) Outflow of Resources	Police Net Deferred (Inflow) Outflow of Resources	Fire Net Deferred (Inflow) Outflow of Resources	Total Net Deferred (Inflow) Outflow of Resources
Year Ending December 31,				
2024	\$ 126,025	\$ 16,886	\$ 31,049	\$ 173,960
2025	36,338	(25,439)	10,136	21,035
2026	169,308	62,306	60,295	291,909
2027	36,494	21,629	22,659	80,782
	\$ 368,165	\$ 75,382	\$ 124,139	\$ 567,686

City of Aurora

Notes to the Financial Statements

December 31, 2023

10. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

11. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2023, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

12. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (667,725)
Transportation Fund	-	(54,017)
Park/Stormwater Fund	-	(587,128)
Recreation Fund	1,507,000	-
Nonmajor Governmental Funds	-	(16,186)
Sewer Fund	-	(181,944)
	<u>\$ 1,507,000</u>	<u>\$ (1,507,000)</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and Governmental Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Aurora

Notes to the Financial Statements

December 31, 2023

13. Aurora Community Hospital

The City entered into an agreement on September 5, 2021, with St. John's Health System, now Sisters of Mercy Health System (Mercy), whereas Mercy took over all administration, management, and operation of the City's hospital. In consideration of the use and possession of the facilities, Mercy pays the annual sum of \$100 for the facilities and a contribution of \$200,000 into a capital improvement fund held by the City. The balance in the fund may be used for capital improvements of the hospital. The agreement is initially for five years, automatically renewable for up to nine additional five-year terms, and provides for termination, under certain circumstances, by each party of the agreement. The agreement is not considered a lease under GASB Statement No. 87, however, the related capital assets owned by the City are not recorded in the financial statements. To the extent that these assets are excluded from the Governmental Activities in the Statement of Net Position and Statement of Activities, the statements are not in conformity with accounting principles generally accepted in the United States.

14. Unearned Revenue

Unearned revenue consists of revenues received but not considered earned until the appropriate expenses have been incurred. At December 31, 2023, the unearned revenues include unspent American Rescue Plan proceeds in the General Fund in the amount of \$1,009,138.

15. Commitments

At December 31, 2023, the City had the following commitments:

<u>Contractor</u>	<u>Project</u>	<u>Amount</u>
Branco Enterprise Inc	Recreation Center	\$ 9,855,833
Sapp Design	Recreation Center	88,103
Sundance Construction LLC	Aurora Shop	296,184
		<u>\$ 10,240,120</u>

Required Supplementary Information

City of Aurora

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Year Ended December 31, 2023

Missouri Local Government Employees Retirement System (LAGERS)									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability									
Service Cost	\$ 269,097	\$ 242,416	\$ 228,483	\$ 213,309	\$ 203,636	\$ 201,300	\$ 193,487	\$ 183,131	\$ 157,649
Interest on the Total Pension Liability	634,356	571,468	552,118	506,014	464,367	431,150	407,471	364,866	311,206
Difference between expected and actual experience	328,104	361,434	139,378	150,443	115,593	38,843	(89,679)	(39,744)	347,475
Changes of Assumptions	-	-	(121,227)	-	-	-	(51,952)	242,364	-
Benefit payments including refunds	(328,833)	(252,496)	(261,702)	(221,582)	(206,525)	(221,722)	(149,660)	(90,465)	(87,031)
Net Change in Total Pension Liability	<u>902,724</u>	<u>922,822</u>	<u>537,050</u>	<u>648,184</u>	<u>577,071</u>	<u>449,571</u>	<u>309,667</u>	<u>660,152</u>	<u>729,299</u>
Total Pension Liability, Beginning	9,091,591	8,168,799	7,631,749	6,983,565	6,406,494	5,956,923	5,647,256	4,987,104	4,257,805
Total Pension Liability, Ending	<u>9,994,315</u>	<u>9,091,621</u>	<u>8,168,799</u>	<u>7,631,749</u>	<u>6,983,565</u>	<u>6,406,494</u>	<u>5,956,923</u>	<u>5,647,256</u>	<u>4,987,104</u>
Plan Fiduciary Net Position									
Contributions - employer	292,924	243,557	205,453	168,378	151,911	135,131	126,480	135,506	120,405
Contributions - employee	-	-	-	-	-	-	55,675	-	-
Net Investment Income (Loss)	388,896	10,206	2,290,360	105,658	512,940	887,009	756,208	(12,265)	115,480
Changes in Assumptions	-	-	-	-	-	-	3,412	(90,465)	-
Benefit payments, including refunds	(328,833)	(252,496)	(261,702)	(221,582)	(207,251)	(221,722)	(149,660)	-	(87,031)
Pension Plan Administrative Expense	(18,419)	(12,818)	(10,888)	(13,580)	(11,351)	(8,538)	(7,923)	(7,573)	(8,761)
Other (Net Transfer)	7,551	211,756	24,721	15,176	3,209	6,056	(33,209)	(33,696)	159,669
Net Change in Plan Fiduciary Net Position	<u>342,119</u>	<u>200,205</u>	<u>2,247,944</u>	<u>54,050</u>	<u>449,458</u>	<u>797,936</u>	<u>750,983</u>	<u>(8,493)</u>	<u>299,762</u>
Plan Fiduciary Net Position, Beginning	10,679,246	10,479,041	8,231,097	8,177,047	7,727,589	6,929,653	6,178,670	6,187,163	5,887,401
Plan Fiduciary Net Position, Ending	<u>11,021,365</u>	<u>10,679,246</u>	<u>10,479,041</u>	<u>8,231,097</u>	<u>8,177,047</u>	<u>7,727,589</u>	<u>6,929,653</u>	<u>6,178,670</u>	<u>6,187,163</u>
Employer Net Pension Liability (Asset)	<u>\$ (1,027,050)</u>	<u>\$ (1,587,625)</u>	<u>\$ (2,310,242)</u>	<u>\$ (599,348)</u>	<u>\$ (1,193,482)</u>	<u>\$ (1,321,095)</u>	<u>\$ (972,730)</u>	<u>\$ (531,414)</u>	<u>\$ (1,200,059)</u>
Plan fiduciary net position as a percentage of the total pension liability	110.28%	117.46%	128.28%	107.85%	117.09%	120.62%	116.33%	109.41%	124.06%
Covered payroll	\$ 2,570,754	\$ 2,535,220	\$ 2,281,635	\$ 2,003,362	\$ 1,821,236	\$ 1,804,697	\$ 1,856,987	\$ 1,698,505	\$ 1,658,498
Net pension liability (asset) as a percentage of covered payroll	-39.95%	-62.62%	-101.25%	-29.92%	-65.53%	-73.20%	-52.38%	-31.29%	-72.36%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Aurora

Schedule of Contributions

Year Ended December 31, 2023

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 307,379	\$ 271,416	\$ 235,707	\$ 197,213	\$ 158,928	\$ 142,423	\$ 130,228	\$ 125,754	\$ 142,929	\$ 103,217
Contributions in relation to the actuarially determined contribution	<u>303,206</u>	<u>267,381</u>	<u>224,557</u>	<u>191,908</u>	<u>158,928</u>	<u>142,423</u>	<u>130,228</u>	<u>125,753</u>	<u>142,929</u>	<u>103,218</u>
Contribution excess (deficit)	<u>\$ 4,173</u>	<u>\$ 4,035</u>	<u>\$ 11,150</u>	<u>\$ 5,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>
 Covered payroll	 \$ 2,799,799	 \$ 2,535,220	 \$ 2,281,635	 \$ 2,175,164	 \$ 1,929,521	 \$ 1,861,226	 \$ 1,809,777	 \$ 1,772,073	 \$ 1,747,658	 \$ 1,638,254
 Contributions as a percentage of covered payroll	 10.83%	 10.55%	 9.84%	 8.82%	 8.24%	 7.65%	 7.20%	 7.10%	 8.18%	 6.30%

See accompanying Notes to the Schedule of Contributions.

City of Aurora

Notes to the Schedule of Contributions

Year Ended December 31, 2023

Valuation Date: February 28, 2023

Notes: The roll-forward of total pension liability from February 28, 2023, to June 30, 2023, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period: Multiple bases from 9 to 15 years.

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation, 2.25% price inflation

Salary Increases: 2.75% to 6.75% including inflation for General Division

2.75% to 6.55% including inflation for Police Division

2.75% to 7.15% including inflation for the Fire Division

Investment Rate of Return: 7.00%, net of investment expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition

Mortality: The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Aurora

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Property taxes	\$ 407,000	\$ 407,000	\$ 318,610	\$ (88,390)
City sales taxes	1,400,000	1,400,000	1,539,203	139,203
Franchise taxes	813,000	813,000	1,004,977	191,977
Use tax	280,000	280,000	420,807	140,807
	2,900,000	2,900,000	3,283,597	383,597
Licenses and Permits	68,000	68,000	56,993	(11,007)
Intergovernmental Revenues				
Federal and state grants	24,500	24,500	425,443	400,943
Other Intergovernmental	40,000	40,000	38,870	(1,130)
	64,500	64,500	464,313	399,813
Charges for Services				
Police services	74,000	74,000	68,994	(5,006)
Billboard charges	1,600	1,600	1,260	(340)
Cemetery	45,000	45,000	37,350	(7,650)
Street	10,000	10,000	28,696	18,696
	130,600	130,600	136,300	5,700
Fines and Forfeitures	107,600	107,600	74,224	(33,376)
Interest income	500	500	67,112	66,612
Other				
Donations	5,850	5,850	5,898	48
Miscellaneous	49,300	49,300	45,285	(4,015)
	55,150	55,150	51,183	(3,967)
Total Revenues	3,326,350	3,326,350	4,133,722	807,372

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
General government	588,040	716,376	680,575	35,801
Police and court	1,875,883	1,875,883	1,790,029	85,854
Fire	585,261	585,261	653,344	(68,083)
Cemetery care	176,919	176,919	182,100	(5,181)
Finance and economic development	259,983	259,983	272,006	(12,023)
Community development	298,849	630,382	685,771	(55,389)
Capital Outlay	341,800	375,109	386,441	(11,332)
Total Expenditures	4,126,735	4,619,913	4,650,266	(30,353)
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 (800,385)	 (1,293,563)	 (516,544)	 777,019
 Other Financing Sources (Uses)				
Sale of capital assets	-	-	96,290	96,290
Net insurance recovery	-	-	73,088	73,088
Operating transfers in (out)	372,087	372,087	(667,725)	(1,039,812)
Total Other Financing Sources (Uses)	372,087	372,087	(498,347)	(870,434)
 <i>Net Change in Fund Balance</i>	 (428,298)	 (921,476)	 (1,014,891)	 (93,415)
 Fund Balance, January 1	 2,467,532	 2,467,532	 2,467,532	 -
Fund Balance, December 31	\$ 2,039,234	\$ 1,546,056	\$ 1,452,641	\$ (93,415)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Transportation Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Transportation sales tax	\$ 698,000	\$ 698,000	769,601	\$ 71,601
Motor fuel taxes	310,000	310,000	368,454	58,454
Intergovernmental Revenue				
Grants	931,264	931,264	846,914	(84,350)
Charges for Services				
Street	18,000	18,000	53,292	35,292
Airport	5,700	5,700	5,850	150
Interest Income	-	-	13,413	13,413
Miscellaneous Income	5,000	5,000	100	(4,900)
Total Revenues	1,967,964	1,967,964	2,057,624	89,660
Expenditures				
Current				
Street	908,855	908,855	843,194	65,661
Airport	5,294	5,294	13,059	(7,765)
Capital Outlay	1,397,699	1,397,699	1,151,504	246,195
Total Expenditures	2,311,848	2,311,848	2,007,757	304,091
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(343,884)	(343,884)	49,867	393,751
Other Financing (Uses)				
Operating transfer (out)	-	-	(54,017)	(54,017)
<i>Net Change in Fund Balance</i>	(343,884)	(343,884)	(4,150)	339,734
Fund Balance, January 1	603,835	603,835	603,835	-
Fund Balance, December 31	\$ 259,951	\$ 259,951	\$ 599,685	\$ 393,751

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Park/Stormwater Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	\$ 698,000	\$ 698,000	\$ 769,404	\$ 71,404
Charges for Services				
Park activities	58,750	58,750	79,106	20,356
Interest income	-	-	10,382	10,382
Other				
Donations	-	-	904	904
Miscellaneous	-	-	353	353
Total Revenues	756,750	756,750	860,149	103,399
Expenditures				
Current				
Parks and recreation	499,700	530,222	469,820	60,402
Stormwater control	54,465	54,465	4,961	49,504
Capital Outlay	18,000	45,883	49,777	(3,894)
Total Expenditures	572,165	630,570	524,558	106,012
<i>Excess (Deficit) of Revenues Over Expenditures</i>	184,585	126,180	335,591	209,411
Other Financing (Uses)				
Operating transfer (out)	-	-	(587,128)	(587,128)
<i>Net Change in Fund Balance</i>	184,585	126,180	(251,537)	(377,717)
Fund Balance, January 1	643,178	643,178	643,178	-
Fund Balance, December 31	\$ 827,763	\$ 769,358	\$ 391,641	\$ (377,717)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Community Hospital Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 97,517	\$ 97,517
Other				
Building agreement	-	-	200,100	200,100
Total Revenues	-	-	297,617	297,617
Expenditures				
Current				
Community hospital	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess (Deficit) of Revenues Over Expenditures</i>	-	-	297,617	297,617
Fund Balance, January 1	2,187,449	2,187,449	2,187,449	-
Fund Balance, December 31	\$ 2,187,449	\$ 2,187,449	\$ 2,485,066	\$ 297,617

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Recreation Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest income	\$ 150,000	\$ 150,000	\$ 21,747	\$ (128,253)
Total Revenues	150,000	150,000	21,747	(128,253)
Expenditures				
Current				
Parks and recreation	150,000	150,000	34,828	115,172
Capital outlay	-	796,677	1,217,154	(420,477)
Debt service				
Debt issuance costs	-	-	379,658	(379,658)
Total Expenditures	150,000	946,677	1,631,640	(684,963)
<i>Excess (Deficit) of Revenues Over Expenditures</i>	-	(796,677)	(1,609,893)	(813,216)
Other Financing Sources				
Debt proceeds	-	-	10,790,000	10,790,000
Debt premium	-	-	152,366	152,366
Transfers in	-	796,677	1,507,000	710,323
Total Other Financing Sources	-	796,677	12,449,366	11,652,689
<i>Net Change in Fund Balance</i>	-	-	10,839,473	10,839,473
Fund Balance, January 1	83,129	83,129	83,129	-
Fund Balance, December 31	\$ 83,129	\$ 83,129	\$ 10,922,602	\$ 10,839,473

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2023

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Council in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Council on approved budget adjustment forms.

Supplementary Information

City of Aurora

Combining Balance Sheet – Nonmajor Governmental Funds

Year Ended December 31, 2023

	Capital Improvement Fund	UDAG Fund	TIF Fund	Total
Assets				
Cash and cash equivalents - unrestricted	\$ 415,735	\$ 534	\$ 31,858	\$ 448,127
Investments	280,987	-	-	280,987
Sales taxes receivable	61,285	-	-	61,285
Prepaid expenses	11,360	201	-	11,561
Total Assets	\$ 769,367	\$ 735	\$ 31,858	\$ 801,960
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,155	\$ 381	\$ -	\$ 1,536
Accrued wages	39	-	-	39
Total Liabilities	1,194	381	-	1,575
Fund Balances				
Nonspendable				
Prepaid items	11,360	201	-	11,561
Restricted for				
Public safety	756,813	-	-	756,813
Economic development	-	153	31,858	32,011
Total Fund Balances	768,173	354	31,858	800,385
Total Liabilities and Fund Balances	\$ 769,367	\$ 735	\$ 31,858	\$ 801,960

City of Aurora

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds

Year Ended December 31, 2023

	Capital Improvement Fund	UDAG Fund	TIF Fund	Total
Revenues				
Sales taxes	\$ 769,601	\$ -	\$ 87,348	\$ 856,949
Interest	10,148	-	-	10,148
Miscellaneous	1,346	980	-	2,326
Total Revenues	<u>781,095</u>	<u>980</u>	<u>87,348</u>	<u>869,423</u>
Expenditures				
Current				
General government	1,200	3,458	-	4,658
Police and court	198,530	-	-	198,530
Fire	22,593	-	-	22,593
Finance and economic development	-	-	70,339	70,339
Capital outlay	27,770	-	-	27,770
Debt service				
Principal	331,300	-	-	331,300
Interest	3,465	-	-	3,465
Total Expenditures	<u>584,858</u>	<u>3,458</u>	<u>70,339</u>	<u>658,655</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	196,237	(2,478)	17,009	210,768
Other Financing Sources (Uses)				
Operating transfers in (out)	<u>(14,412)</u>	<u>-</u>	<u>(1,774)</u>	<u>(16,186)</u>
<i>Net Change in Fund Balance</i>	181,825	(2,478)	15,235	194,582
Fund Balance, January 1	586,348	2,832	16,623	605,803
Fund Balance, December 31	<u><u>\$ 768,173</u></u>	<u><u>\$ 354</u></u>	<u><u>\$ 31,858</u></u>	<u><u>\$ 800,385</u></u>

Other Reporting Requirements



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

Honorable Mayor and City Council
City of Aurora
Aurora, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Aurora, Missouri's basic financial statements, and have issued our report thereon dated May 7, 2024. Our opinion was modified on the Governmental Activities due to the exclusion of capital assets related to the Aurora Community Hospital.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Aurora, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Aurora, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Aurora, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Aurora, Missouri's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 7, 2024



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Aurora
Aurora, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Aurora, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City of Aurora, Missouri's major federal program for the year ended December 31, 2023. The City of Aurora, Missouri's major federal program is identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Aurora, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Aurora, Missouri, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Aurora, Missouri's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Aurora, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Aurora, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Aurora, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 7, 2024

City of Aurora

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Pass-through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Justice				
Missouri Department of Public Safety COVID 19 - Bulletproof Vest Partnership	16.607	147258	\$ -	\$ 1,994
Total U.S. Department of Justice			-	1,994
U.S. Department of Transportation				
Missouri Department of Transportation Airport Improvement Program	20.106	21-091B-1	-	846,914
Highway Safety Cluster University of Central Missouri National Priority Safety Programs	20.616	20-M2HVE-05-030	-	299
University of Central Missouri Alcohol Open Container Requirements	20.607	23-154-AL-009 23-M5HVE-03-005 23-PT-02-041	- - -	1,523 731 448
Total U.S. Department of Transportation			-	849,915
U.S. Department of Treasury				
Direct COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	389,871
Missouri Department of Public Safety COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4542	-	15,841
Total U.S. Department of Treasury			-	405,712
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,257,621</u>

N/A - Not applicable

City of Aurora

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Aurora, Missouri, under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Aurora, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Aurora, Missouri.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Aurora, Missouri, has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

3. Subrecipients

The City of Aurora, Missouri, did not provide funds to subrecipients in the current year.

City of Aurora

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section I – Summary of Audit Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Qualified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major federal program:	
Assistance Listing Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

City of Aurora

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section II – Financial Statement Findings

Material Weakness

2023-001 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

Section III – Federal Award Findings and Questioned Costs

None

City of Aurora

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2023

There were no prior audit findings

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P.O. BOX 30
AURORA, MO 65605



PH: 417-678-5121
FAX: 417-678-6599
AURORA-CITYHALL.ORG

May 7, 2024

U.S. Department of Transportation

City of Aurora, Missouri respectfully submits the following corrective action plan for the year ended December 31, 2023. Contact information for the individual responsible for the corrective action:

Mr. Jon Holmes, City Manager
City of Aurora, Missouri
2 West Pleasant Street
Aurora, MO 65605
(417) 678-5121

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended December 31, 2023

The finding from the December 31, 2023, Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

Finding—Financial Statement Audit

Material Weakness

2023-001 Segregation of duties

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report..

Action Taken: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

Completion Date: Not applicable

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Holmes", is written over a thin horizontal line.

Jon Holmes
City Manager
City of Aurora Missouri
2 W. Pleasant Street
Aurora, MO 65605
Email: jholmes@auroramogov
Phone: 417-678-5121