

City of Aurora, Missouri

Basic Financial Statements
Year Ended December 31, 2024

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, 2024, 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, 2024, 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, 2024, 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 Auditors' 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.

www.kpmcpa.com

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

As discussed in Note 15, the City has not recorded capital assets related to the Aurora Community Hospital in the governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would increase the assets and net position and change the expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the City adopted new accounting guidance, GASB Statement No. 101 – *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 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 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 16, 2025, 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 16, 2025

Management's Discussion and Analysis

City of Aurora

Management's Discussion and Analysis

December 31, 2024

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, 2024. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$1,794,090 for the year ended December 31, 2024, as a result of current year activities. The net position of the City's business-type activities increased by \$712,599 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, 2024, by \$35 million (net position), an increase of \$2,506,689 from the previous year.

Total liabilities of the City decreased by \$383,751 during the year ending December 31, 2024.

During the year ended December 31, 2024, the City adopted GASB Statement No. 101 – *Compensated Absences*. Beginning net position has been restated to reflect the application of the new pronouncement. The tables in the Management's Discussion and Analysis for the year ending December 31, 2023, have been updated for the restatement.

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, 2024

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, 2024

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2024 and December 31, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2024</u>	<u>Total December 31, 2023</u>
Assets				
Current and other assets	\$ 10,772,498	\$ 2,672,840	\$ 13,445,338	\$ 21,718,464
Capital assets	24,826,791	8,862,150	33,688,941	23,488,519
Total Assets	<u>35,599,289</u>	<u>11,534,990</u>	<u>47,134,279</u>	<u>45,206,983</u>
Deferred Outflows of Resources				
Deferred pension outflows	961,138	53,690	1,014,828	747,529
Liabilities				
Other liabilities	1,749,779	275,390	2,025,169	2,151,853
Long-term liabilities	10,939,209	111,095	11,050,304	11,307,371
Total Liabilities	<u>12,688,988</u>	<u>386,485</u>	<u>13,075,473</u>	<u>13,459,224</u>
Deferred Inflows of Resources				
Deferred lease and pension inflows	96,144	-	96,144	24,487
Net position				
Net investment in capital assets	16,234,116	8,759,919	24,994,035	23,130,608
Restricted	2,571,281	155,621	2,726,902	2,087,693
Unrestricted	4,969,898	2,286,655	7,256,553	7,458,857
Total Net Position	<u>\$ 23,775,295</u>	<u>\$ 11,202,195</u>	<u>\$ 34,977,490</u>	<u>\$ 32,677,158</u>

Total net position of the City increased by \$2,506,689 for the year ended December 31, 2024 totaling \$32,977,490.

City of Aurora

Management's Discussion and Analysis

December 31, 2024

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Year Ended December 31, 2024</u>	<u>Total Year Ended December 31, 2023</u>
Revenues, Transfers, and Special Items				
Program Revenues				
Charges for services	\$ 422,892	\$ 2,471,692	\$ 2,894,584	\$ 2,365,822
Operating grants and contributions	120,836	-	120,836	441,715
Capital grants and contributions	1,161,036	103,193	1,264,229	1,076,314
General Revenues				
Taxes	6,075,609	-	6,075,609	6,050,844
Interest	679,812	35,602	715,414	244,969
Other revenue	31,003	-	31,003	48,064
Special items	415,014	-	415,014	169,378
Transfers	240,673	(240,673)	-	-
Total Revenues, Transfers, and Special Items	9,146,875	2,369,814	11,516,689	10,397,106
Expenses				
General government	831,544	-	831,544	790,992
Police and court	2,247,423	-	2,247,423	2,149,623
Fire	768,472	-	768,472	789,255
Streets	1,152,936	-	1,152,936	1,053,320
Airport	13,124	-	13,124	13,059
Parks and recreation	774,891	-	774,891	593,203
Cemetery care	202,395	-	202,395	191,358
Finance and economic development	431,671	-	431,671	340,339
Community development	380,040	-	380,040	684,746
Stormwater control	21,345	-	21,345	4,961
Debt service	528,944	-	528,944	448,753
Sewer	-	1,196,935	1,196,935	987,161
Sanitation	-	460,280	460,280	234,331
Total Expenses	7,352,785	1,657,215	9,010,000	8,281,101
<i>Increase in Net Position</i>	<u><u>\$ 1,794,090</u></u>	<u><u>\$ 712,599</u></u>	<u><u>\$ 2,506,689</u></u>	<u><u>\$ 2,116,005</u></u>

City of Aurora

Management's Discussion and Analysis

December 31, 2024

Governmental Activities

Governmental activities increased the net position of the City by \$1,794,090. Tax revenues for the City were \$6,075,609 which represents 72% of the funding of these activities. Program revenues for the functions totaled \$1,704,764 or 20% 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	\$ 831,544	\$ 786,027
Police and court	2,247,423	1,891,249
Fire	768,472	694,371
Streets	1,152,936	928,515
Airport	13,124	(22,161)
Parks and recreation	774,891	93,585
Cemetery care	202,395	146,095
Finance and economic development	431,671	431,671
Community development	380,040	348,480
Health and welfare	-	(200,100)
Stormwater control	21,345	21,345
Debt service	528,944	528,944
	<u>\$ 7,352,785</u>	<u>\$ 5,648,021</u>

Business-Type Activities

Business-type activities increased the City's net position by \$712,599. In the current year, the business-type activities transferred \$240,673 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, 2024, was \$8,856,364. The General Fund increased by \$619,930, the Transportation Fund increased by \$136,167, the Park/Stormwater Fund increased by \$298,739, the Community Hospital Fund increased by \$323,350, and the Recreation Fund decreased by \$9,022,619.

General Fund Budgetary Highlights

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

- The original revenue budget of \$3,643,000 remained unchanged for the year.
- The original expenditures budget of \$4,203,534 was increased to \$4,220,761.

City of Aurora

Management's Discussion and Analysis

December 31, 2024

Capital Asset & Debt Administration

Capital Assets

Capital assets of the governmental activities were \$24,826,791 (net of accumulated depreciation) as of December 31, 2024. This represents a \$9,849,331 increase from the prior year mostly due to recreational center additions. Capital assets for business-type activities were \$8,862,150 as of December 31, 2024. This represents an increase of \$351,091 from the prior year mostly due to sewer plan additions.

Debt

Total debt of the governmental activities as of December 31, 2024, was \$10,976,499, which consists of Series 2023 Certificates of Participation and one financed purchase payable.

Total debt of the Business-type activities as of December 31, 2024, was \$102,231. This consists of the initial draw of the Series 2024 Revenue Bonds.

Economic Factors & Next Year's Budget

Overview: The Fiscal Year 2025 budget has been developed with the following key objectives in mind:

- **Maintaining Essential Services:** Ensuring that all departments have the necessary resources to continue providing high-quality services to our community.
- **Fiscal Responsibility:** Maintaining adequate fund balances and cash reserves to meet cash flow requirements and unforeseen contingencies.
- **Strategic Investments:** Allocating funds for critical infrastructure projects and capital improvements that will benefit our city in the long term.

Key Highlights:

1. **General Fund:** The General Fund budget for 2025 includes the Departments of Administration, City Council, Public Facilities, Community Development, Finance, Police, Fire, Animal Control, Court and Cemetery. The City places emphasis on continued investment in the Police and Fire Departments to ensure the safety and well-being of residents. This is reflected within the General Fund budget including the purchase of a fire truck and 5 patrol cars as well as purchases for upgrade of essential tools and equipment within both Departments. This budget also includes the purchase of essential equipment and a vehicle for the Cemetery Department.
2. **Transportation Fund:** In fiscal year 2025, the City is focusing on continued infrastructure improvements with continuation of annual repaving of City streets. Additionally, the fiscal year 2025 Transportation Fund budget will contribute to the construction of the Robinson School to Crosby Park Walking Trail and purchase of new and replacement equipment for mowing and trimming of City properties and rights of way.

City of Aurora

Management's Discussion and Analysis

December 31, 2024

3. **Wastewater Fund:** The fiscal year 2025 Wastewater Fund budget will continue to focus on major facility improvements to the Wastewater Plant. This includes improvements to the collection system regarding inflow & infiltration (I&I) as well as upgrades to lift stations. Additionally, substantial plant upgrades will take place utilizing funding through the Missouri Department of Natural Resources State Revolving Fund Program.
4. **Park/Stormwater Fund:** The fiscal year 2025 Park/Stormwater budget will focus on equipment upgrades for maintaining park property including the recreation center property and walking trails. The recreation center site construction includes the installation of a stormwater detention basin that will improve stormwater flow and volumes in the area. This fund will also contribute to the construction of the Robinson School to Crosby Park Walking Trail.
5. **Recreation Center Fund:** Fiscal year 2025 will see the opening of the new recreation center facility. The fiscal year 2025 Recreation Center Fund budget encompasses the first operational year of the facility.
6. **Capital Improvement Projects:** Fiscal year 2025, the City is focusing on improvements to city streets and cemetery roads, rehabilitation of the exterior of the city hall structure and finalizing the construction of the recreation center. The Robinson School to Crosby Park Walking Trail is also expected to begin construction phase in fiscal year 2025. The City will begin selection and implementation of enterprise software for the City as a whole.

Contacting the City's Financial Management

For additional information or questions, please contact:

Carrie Howlett, City Manager

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

City of Aurora

Statement of Net Position

December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 775,002	\$ 976,065	\$ 1,751,067
Investments - unrestricted	5,631,105	1,018,130	6,649,235
Taxes receivable	754,719	-	754,719
Grants receivable	200,883	103,193	304,076
Utilities receivable, net	-	189,163	189,163
Leases receivable	90,691	-	90,691
Other receivables	200,427	-	200,427
Prepaid expenses	168,511	41,855	210,366
Noncurrent			
Restricted cash and cash equivalents	-	343,369	343,369
Restricted Investments	2,428,373	-	2,428,373
Net pension asset	522,787	1,065	523,852
Capital assets			
Non-depreciable	13,941,648	353,246	14,294,894
Depreciable, net	10,885,143	8,508,904	19,394,047
Total Assets	35,599,289	11,534,990	47,134,279
Deferred Outflows of Resources			
Deferred pension outflows	961,138	53,690	1,014,828
Liabilities			
Current			
Accounts payable	651,195	66,050	717,245
Retainage payable	465,578	-	465,578
Accrued wages	87,561	5,736	93,297
Accrued liabilities	20,169	21	20,190
Other liabilities	47,205	-	47,205
Customer deposits	-	187,748	187,748
Accrued interest payable	88,803	-	88,803
Current portion of long-term liabilities	389,268	15,835	405,103
	1,749,779	275,390	2,025,169
Noncurrent			
Financed purchase payable	18,670	-	18,670
Certificates of participation, net	10,785,741	-	10,785,741
Revenue bonds payable	-	102,231	102,231
Compensated absences payable	134,798	8,864	143,662
	10,939,209	111,095	11,050,304
Total Liabilities	12,688,988	386,485	13,075,473
Deferred Inflows of Resources			
Deferred lease inflows	90,691	-	90,691
Deferred pension inflows	5,453	-	5,453
Total Deferred Inflows of Resources	96,144	-	96,144
Net Position			
Net investment in capital assets	16,234,116	8,759,919	24,994,035
Restricted	2,571,281	155,621	2,726,902
Unrestricted	4,969,898	2,286,655	7,256,553
Total Net Position	\$ 23,775,295	\$ 11,202,195	\$ 34,977,490

See accompanying Notes to the Financial Statements

City of Aurora

Balance Sheet – Governmental Funds

December 31, 2024

	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	\$ 112,201	\$ 136,047	\$ 201,004	\$ 24,937	\$ 10,874	\$ 289,939	\$ 775,002
Investments	1,560,484	306,082	428,459	2,583,379	450,000	302,701	5,631,105
Property taxes receivable	303,057	-	-	-	-	-	303,057
Sales taxes receivable	152,681	58,928	58,899	-	-	58,928	329,436
Franchise taxes receivable	88,673	-	-	-	-	-	88,673
Motor fuel taxes receivable	-	33,553	-	-	-	-	33,553
Grants receivable	1,519	199,364	-	-	-	-	200,883
Other receivables	327	-	-	200,100	-	-	200,427
Leases receivable	-	90,691	-	-	-	-	90,691
Prepaid expenses	94,129	22,178	11,245	-	40,758	201	168,511
Investments - restricted	-	-	-	-	2,428,373	-	2,428,373
Total Assets	<u>\$ 2,313,071</u>	<u>\$ 846,843</u>	<u>\$ 699,607</u>	<u>\$ 2,808,416</u>	<u>\$ 2,930,005</u>	<u>\$ 651,769</u>	<u>\$ 10,249,711</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 74,364	\$ 11,089	\$ 4,436	\$ -	\$ 558,699	\$ 2,607	\$ 651,195
Retainage payable	-	-	-	-	465,578	-	465,578
Accrued wages	70,448	9,211	4,630	-	3,272	-	87,561
Other accrued liabilities	17,535	-	161	-	2,473	-	20,169
Other liabilities	47,205	-	-	-	-	-	47,205
Total Liabilities	<u>209,552</u>	<u>20,300</u>	<u>9,227</u>	<u>-</u>	<u>1,030,022</u>	<u>2,607</u>	<u>1,271,708</u>
Deferred Inflows of Resources							
Unavailable property tax revenue	30,948	-	-	-	-	-	30,948
Deferred lease inflows	-	90,691	-	-	-	-	90,691
Total Deferred Inflows of Resources	<u>30,948</u>	<u>90,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,639</u>
Fund Balances							
Nonspendable - prepaid items	94,129	22,178	11,245	-	40,758	201	168,511
Restricted for							
Transportation	-	713,674	-	-	-	-	713,674
Park/Stormwater control	-	-	679,135	-	-	-	679,135
Recreation	-	-	-	-	369,822	-	369,822
Public safety	-	-	-	-	-	300,475	300,475
Economic development	-	-	-	-	-	8,858	8,858
Building projects	-	-	-	-	1,404,096	-	1,404,096
Capital improvements	-	-	-	-	-	339,628	339,628
Debt service	-	-	-	-	85,307	-	85,307
Committed to community hospital	-	-	-	2,808,416	-	-	2,808,416
Unassigned	1,978,442	-	-	-	-	-	1,978,442
Total Fund Balances	<u>2,072,571</u>	<u>735,852</u>	<u>690,380</u>	<u>2,808,416</u>	<u>1,899,983</u>	<u>649,162</u>	<u>8,856,364</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,313,071</u>	<u>\$ 846,843</u>	<u>\$ 699,607</u>	<u>\$ 2,808,416</u>	<u>\$ 2,930,005</u>	<u>\$ 651,769</u>	<u>\$ 10,249,711</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, 2024

Fund balance - total governmental funds	\$ 8,856,364
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	34,730,033
Less: Accumulated depreciation	<u>(9,903,242)</u>
	24,826,791
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	522,787
Deferred pension outflows	961,138
Deferred pension inflows	<u>(5,453)</u>
	1,478,472
Revenue that is deferred in the funds financial statement because it is not available	30,948
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(88,803)
Long-term liabilities are not due and payable in the current in period and therefore are not reported in the funds	<u>(11,328,477)</u>
Net position of governmental activities	<u><u>\$ 23,775,295</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, 2024

	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	\$ 355,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,148
Sales taxes	1,533,537	766,769	766,720	-	-	878,037	3,945,063
Motor fuel taxes	-	390,995	-	-	-	-	390,995
Franchise taxes	987,728	-	-	-	-	-	987,728
Use tax	399,604	-	-	-	-	-	399,604
Licenses and permits	70,880	-	-	-	-	-	70,880
Intergovernmental revenues							
Federal and state grants	765,788	138,623	126,000	-	-	-	1,030,411
Other intergovernmental	41,740	-	-	-	-	-	41,740
Charges for services							
Police services	70,580	-	-	-	-	-	70,580
Billboard charges	1,890	-	-	-	-	-	1,890
Cemetery	46,300	-	-	-	-	-	46,300
Street	30,030	55,768	-	-	-	-	85,798
Airport	-	22,662	-	-	-	-	22,662
Parks and recreation	-	-	70,553	-	12,430	-	82,983
Fines and forfeitures	41,699	-	-	-	-	-	41,699
Interest income	127,343	9,594	14,995	123,250	383,903	20,727	679,812
Other							
Donations	9,153	-	568	-	-	-	9,721
Building agreement	-	-	-	200,100	-	-	200,100
Miscellaneous	26,938	100	3,425	-	-	540	31,003
Total Revenues	4,508,358	1,384,511	982,261	323,350	396,333	899,304	8,494,117
Expenditures							
Current							
General government	738,729	-	-	-	-	299	739,028
Police and court	2,041,232	-	-	-	-	13,701	2,054,933
Fire	670,425	-	-	-	-	764	671,189
Street	-	868,810	-	-	-	-	868,810
Airport	-	13,124	-	-	-	-	13,124
Parks and recreation	-	-	578,212	-	92,521	-	670,733
Cemetery care	181,656	-	-	-	-	-	181,656
Finance and economic development	285,062	-	-	-	-	132,888	417,950
Community development	361,527	-	-	-	-	-	361,527
Stormwater control	-	-	21,345	-	-	-	21,345
Capital outlay	174,391	516,356	35,406	-	9,100,780	665,354	10,492,287
Debt service							
Interest	-	-	-	-	510,618	-	510,618
Fees	-	-	-	-	2,750	-	2,750
Total Expenditures	4,453,022	1,398,290	634,963	-	9,706,669	813,006	17,005,950
<i>Excess (Deficit) of Revenues Over Expenditures</i>	55,336	(13,779)	347,298	323,350	(9,310,336)	86,298	(8,511,833)
Other Financing Sources (Uses)							
Sale of capital assets	19,732	-	-	-	-	-	19,732
Net insurance recovery	127,507	216,036	60,259	-	-	11,212	415,014
Debt proceeds	-	-	-	-	40,758	-	40,758
Operating transfers in (out)	417,355	(66,090)	(108,818)	-	246,959	(248,733)	240,673
Total Other Financing Sources (Uses)	564,594	149,946	(48,559)	-	287,717	(237,521)	716,177
<i>Net Change in Fund Balances</i>	619,930	136,167	298,739	323,350	(9,022,619)	(151,223)	(7,795,656)
Fund Balance, Beginning of Year	1,452,641	599,685	391,641	2,485,066	10,922,602	800,385	16,652,020
Fund Balance, End of Year	\$ 2,072,571	\$ 735,852	\$ 690,380	\$ 2,808,416	\$ 1,899,983	\$ 649,162	\$ 8,856,364

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, 2024

Net change in fund balances - total governmental funds	\$ (7,795,656)
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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	10,492,287
Depreciation	<u>(642,956)</u>
	9,849,331

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.

Debt proceeds	(40,758)
Premium on debt proceeds	6,625
Interest	<u>(22,201)</u>
	(56,334)

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	(190,114)
Change in compensated absences	(10,208)
Change in property taxes receivable	<u>(2,929)</u>
	<u>(203,251)</u>
Change in net position of governmental activities	<u><u>\$ 1,794,090</u></u>

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Net Position – Proprietary Funds

December 31, 2024

	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Assets			
Current Assets			
Cash and cash equivalents - unrestricted	\$ 933,734	\$ 42,331	\$ 976,065
Investments	1,018,130	-	1,018,130
Utilities receivable, net	152,445	36,718	189,163
Grants receivable	103,193	-	103,193
Prepaid assets	41,855	-	41,855
Total Current Assets	2,249,357	79,049	2,328,406
Noncurrent Assets			
Cash and cash equivalents - restricted	343,369	-	343,369
Net pension asset	1,065	-	1,065
Capital assets			
Non-depreciable	353,246	-	353,246
Depreciable, net	8,508,904	-	8,508,904
Total Noncurrent Assets	9,206,584	-	9,206,584
Total Assets	11,455,941	79,049	11,534,990
Deferred Outflows of Resources			
Deferred pension outflow	53,690	-	53,690
Liabilities			
Current Liabilities			
Accounts payable	29,361	36,689	66,050
Accrued wages	5,736	-	5,736
Other accrued liabilities	21	-	21
Customer deposits	187,748	-	187,748
Current portion of long-term liabilities	15,835	-	15,835
Total Current Liabilities	238,701	36,689	275,390
Noncurrent Liabilities			
Revenue bonds payable	102,231	-	102,231
Compensated absences	8,864	-	8,864
Total Noncurrent Liabilities	111,095	-	111,095
Total Liabilities	349,796	36,689	386,485
Net Position			
Net investment in capital assets	8,759,919	-	8,759,919
Restricted	155,621	-	155,621
Unrestricted	2,244,295	42,360	2,286,655
Total Net Position	\$ 11,159,835	\$ 42,360	\$ 11,202,195

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, 2024

	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Operating Revenues			
Charges for services	\$ 1,860,941	\$ 515,202	\$ 2,376,143
Miscellaneous revenues	92,225	3,324	95,549
Total Operating Revenues	1,953,166	518,526	2,471,692
Operating Expenses			
Chemicals	11,814	-	11,814
Collection system	21,865	-	21,865
Computer software and expenses	15,066	980	16,046
Contract services	-	439,075	439,075
Depreciation	346,396	-	346,396
Dues and training	6,122	-	6,122
Empire water reconnect	4,860	-	4,860
Employee benefits	64,720	-	64,720
Fuel	9,728	-	9,728
Insurance	88,901	-	88,901
Merchant services fees	21,405	-	21,405
Miscellaneous	82	-	82
Office supplies and postage	21,045	14,675	35,720
Payroll taxes	13,568	-	13,568
Permits, licenses, and fees	5,866	-	5,866
Professional fees	46,940	-	46,940
Repairs & maintenance	57,924	3,738	61,662
Retirement expense	17,225	-	17,225
Salaries	189,825	-	189,825
Supplies	7,179	1,812	8,991
Telephone	6,915	-	6,915
Uniforms	3,922	-	3,922
Utilities	133,336	-	133,336
Total Operating Expenses	1,094,704	460,280	1,554,984
<i>Operating Income</i>	858,462	58,246	916,708
Nonoperating Revenues (Expenses)			
Bond issuance costs	(102,231)	-	(102,231)
Interest income	35,602	-	35,602
	(66,629)	-	(66,629)
<i>Income Before Contributions and Operating Transfers</i>	791,833	58,246	850,079
Capital Contributions - Federal Source	103,193	-	103,193
Operating Transfers In (Out)	(205,667)	(35,006)	(240,673)
<i>Changes in Net Position</i>	689,359	23,240	712,599
Net Position, Beginning of year, as previously reported	10,485,825	19,120	10,504,945
Change in accounting principle - GASB 101 - compensated absences	(15,349)	-	(15,349)
Net Position, Beginning of year, as restated	10,470,476	19,120	10,489,596
Net Position, End of year	\$ 11,159,835	\$ 42,360	\$ 11,202,195

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2024

	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,849,923	\$ 510,622	\$ 2,360,545
Cash paid to suppliers	(531,012)	(459,638)	(990,650)
Cash paid to employees	(185,320)	-	(185,320)
Other operating receipts	92,225	3,324	95,549
Net Cash Provided by Operating Activities	1,225,816	54,308	1,280,124
Cash Flows from Noncapital Financing Activities			
Transfers (to) from other funds	(205,667)	(35,006)	(240,673)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(697,487)	-	(697,487)
Cash Flows from Investing Activities			
Purchase of investments	(335,602)	-	(335,602)
Interest received	35,602	-	35,602
Net Cash (Used) by Investing Activities	(300,000)	-	(300,000)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	22,662	19,302	41,964
Cash and Cash Equivalents, Beginning of year	1,254,441	23,029	1,277,470
Cash and Cash Equivalents, End of year	1,277,103	42,331	1,319,434
Less Restricted Cash and Cash Equivalents	343,369	-	343,369
Unrestricted Cash and Cash Equivalents	\$ 933,734	\$ 42,331	\$ 976,065

See accompanying Notes to the Financial Statements

City of Aurora

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2024

	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 858,462	\$ 58,246	\$ 916,708
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	346,396	-	346,396
(Increase) decrease in			
Utilities receivable, net	(27,236)	(4,580)	(31,816)
Prepaid expenses	(5,891)	-	(5,891)
Deferred pension outflows	(4,496)	-	(4,496)
Net pension asset	32,513	-	32,513
Increase (decrease) in			
Accounts payable	7,210	642	7,852
Accrued expenses	2,442	-	2,442
Customer deposits	16,218	-	16,218
Compensated absences payable	1,464	-	1,464
Deferred pension inflows	(1,266)	-	(1,266)
Net Cash Provided by Operating Activities	\$ 1,225,816	\$ 54,308	\$ 1,280,124

See accompanying Notes to the Financial Statements

City of Aurora

Notes to the Financial Statements

December 31, 2024

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.

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-

City of Aurora

Notes to the Financial Statements

December 31, 2024

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.

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

City of Aurora

Notes to the Financial Statements

December 31, 2024

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

Unearned revenue 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 sick leave is considered earned and more likely than not payable to the employee. 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

Notes to the Financial Statements

December 31, 2024

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 deferred inflows are from unavailable revenue from property taxes, future lease inflows, and amounts relating to the retirement plan. 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.

Leases

The City is a lessor on a lease for airport hangar space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

City of Aurora

Notes to the Financial Statements

December 31, 2024

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Pronouncements

During the current year, the City implemented GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes, and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City also implemented GASB Statement No. 101 – *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences and amends certain previously required disclosures.

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.

City of Aurora

Notes to the Financial Statements

December 31, 2024

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.

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, 2024, all bank balances on deposit are entirely insured or collateralized.

3. Investments

Investments of the City as of December 31, 2024, consists of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Security Bank of KC		
Federated Government Obligations Fund	N/A	\$ 2,178,373
Money Market Investment Account	N/A	250,000
Missouri Securities Investment Program	N/A	6,649,235
		<u>\$ 9,077,608</u>

Missouri Securities Investment Program

The City funds in the Missouri Securities Investment Program are invested in 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. These funds are not subject to fair market value. 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.

City of Aurora

Notes to the Financial Statements

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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.

4. Restricted Assets and Net Position

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

	Restricted Cash and Investments
Recreation Fund	
Series 2023 COP projects	\$ 2,343,066
Series 2023 debt service	85,307
	\$ 2,428,373
 Sewer Fund	
Depreciation and replacement	\$ 155,621
Customer deposits	187,748
	\$ 343,369

Additionally net position was restricted for transportation in the amount of \$735,852, Park/stormwater in the amount of \$690,380, recreation in the amount of \$495,887, public safety in the amount of \$300,475, economic development in the amount of \$9,059, capital improvements in the amount of \$339,628, and sewer depreciation and replacement in the amount of \$155,621. Total restricted net position for the City at December 31, 2024 is \$2,726,902.

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	\$ 160,468	\$ (8,023)	\$ 152,445
Sanitation Fund	38,651	(1,933)	36,718
Total Utilities Receivable	\$ 199,119	\$ (9,956)	\$ 189,163

6. Leases

The City leases hangar space to third parties, as a lessor. Payments are fixed and payable monthly. During the year ended December 31, 2024, the City recognized \$15,428 and \$4,172 in lease revenue and lease interest, respectively. The current

City of Aurora

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agreement expires in 2030. The discount rate is assumed to be 4.6%. The total lease receivable balance and corresponding deferred lease inflow balance at December 31, 2024, was \$90,691.

7. 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.

City of Aurora

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The Series 2023 COP outstanding at December 31, 2024 are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 7,847,006</u>	<u>\$ 18,637,006</u>

Financed Purchase

On November 8, 2024, the City entered into a direct borrowing agreement to finance the purchase of various exercise equipment in the total amount of \$81,515. The agreement requires monthly payments of \$2,214 with interest at 11%. 50% of the payment was financed up front with the remaining financing occurring upon delivery, which had not occurred by December 31, 2024. In the event of default, the lender may declare all payments immediately due and payable, retake possession of the property, or take whatever action at law or in equity deemed necessary.

The following is a schedule of future minimum payments under the current agreement:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 22,088	\$ 4,483	\$ 26,571
2026	18,670	2,054	20,724
	<u>\$ 40,758</u>	<u>\$ 6,537</u>	<u>\$ 47,295</u>

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Notes to the Financial Statements

December 31, 2024

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2024, is as follows:

	Balance December 31, 2023	Additions	Retirements	Balance December 31, 2024	Amounts Due Within One Year
Certificates of Participation					
Series 2023	\$ 10,790,000	\$ -	\$ -	\$ 10,790,000	\$ 150,000
Unamortized premium	152,366	-	6,625	145,741	-
	<u>10,942,366</u>	-	<u>6,625</u>	<u>10,935,741</u>	<u>150,000</u>
Financed Purchases Payable					
Direct borrowing - exercise equipment	-	40,758	-	40,758	22,088
Compensated Absences, as restated	<u>341,770</u>	<u>10,208</u>	-	<u>351,978</u>	<u>217,180</u>
	<u>\$ 11,284,136</u>	<u>\$ 50,966</u>	<u>\$ 6,625</u>	<u>\$ 11,328,477</u>	<u>\$ 389,268</u>

8. Long-Term Liabilities – Business-type Activities

Sewerage System Revenue Bond

In September, 2024, the City entered into an agreement authorizing the issuance of not to exceed \$4,677,000 in Series 2024 Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) for the purpose of extending and improving the City’s sewerage system. The bonds bear interest at 1.23% with principal and interest payments due semi-annually on July 1 and January 1 each year. If the City defaults on the payments of principal or interest on any of the bonds as they become due for a period of 60 days after written notice specifying such default has been given to the City, by the registered owner of any bond then outstanding, the City shall pay DNR the penalties assessed by DNR in accordance with the regulations. During the year ended December 31, 2024, the City issued \$102,231 of the bonds.

The annual debt service requirements to amortize principal on the bonds outstanding at December 31, 2024, are listed in the following table:

Year Ending December 31,	Principal	Interest	Total
2025	\$ -	\$ 2,515	\$ 2,515
2026	102,231	2,515	104,746
	<u>\$ 102,231</u>	<u>\$ 5,030</u>	<u>\$ 107,261</u>

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December 31, 2024

A summary of the changes in Long-Term Liabilities – Business-type Activities for the year ended December 31, 2024, is as follows:

	Balance December 31, 2023	Additions	Retirements	Balance December 31, 2024	Amounts Due Within One Year
Direct Placement					
Series 2024 Revenue Bonds	\$ -	\$ 102,231	\$ -	\$ 102,231	\$ -
Compensated Absences	23,235	1,464	-	24,699	15,835
	<u>\$ 23,235</u>	<u>\$ 1,464</u>	<u>\$ -</u>	<u>\$ 24,699</u>	<u>\$ 15,835</u>

9. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 2,745,307	\$ -	\$ -	\$ 2,745,307
Construction in progress	1,377,137	10,181,516	362,312	11,196,341
Total non-depreciable capital assets	4,122,444	<u>\$ 10,181,516</u>	<u>\$ 362,312</u>	13,941,648
Depreciable capital assets				
Building and improvements	7,928,106	\$ 391,497	\$ -	8,319,603
Equipment	2,955,869	46,306	-	3,002,175
Vehicles	2,731,430	42,050	-	2,773,480
Infrastructure	6,499,897	193,230	-	6,693,127
Total depreciable capital assets	20,115,302	<u>\$ 673,083</u>	<u>\$ -</u>	20,788,385
Less accumulated depreciation	9,260,286	<u>\$ 642,956</u>	<u>\$ -</u>	9,903,242
Total depreciable capital assets, net	<u>10,855,016</u>			<u>10,885,143</u>
Total Governmental Activities				
Capital Assets, net	<u>\$ 14,977,460</u>			<u>\$ 24,826,791</u>

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

General government	\$ 69,412
Police and courts	167,919
Fire	34,622
Streets and airport	268,648
Parks	90,545
Cemetery	11,810
	\$ 642,956

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Business-Type Activities				
<i>Sewer Fund</i>				
Non-depreciable capital assets				
Construction in progress	\$ 246,272	\$ 600,404	\$ 493,430	\$ 353,246
Depreciable capital assets				
Plant	13,371,967	\$ 590,513	\$ -	13,962,480
Equipment	534,978	-	-	534,978
Vehicles	1,038,934	-	211,408	827,526
	14,945,879	\$ 590,513	\$ 211,408	15,324,984
Less accumulated depreciation	6,681,092	\$ 346,396	\$ 211,408	6,816,080
Depreciable Capital Assets, net	8,264,787			8,508,904
Total Business-Type Activities Capital Assets, net	\$ 8,511,059			\$ 8,862,150

10. 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:

	2024
Assessed Valuation	
Real estate	\$ 76,472,279
Personal property	25,643,650
Total	\$ 102,115,929
 Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.3690

City of Aurora

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December 31, 2024

The legal debt margin at December 31, 2024, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 10,211,593	\$ 10,211,593	\$ 20,423,186
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 10,211,593	\$ 10,211,593	\$ 20,423,186

(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.

11. 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.

	2024 Valuation
Benefit multiplier	1.75% for life
Final average salary	3 years
Member contributions	0%

City of Aurora

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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.

Employees Covered by Benefit Terms. At June 30, 2024, the following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	31	16	1	48
Inactive employees entitled to but not yet receiving benefits	25	25	10	60
Active employees	33	17	7	57
	89	58	18	165

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 13.1% (General), 10.2% (Police), and 5.6% (Fire) of annual covered payroll.

Net Pension Asset. The City’s net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2024.

Actuarial Assumptions. The total pension liability in the February 29, 2024, 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 29, 2024, 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

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by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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	\$ 5,544,086	\$ 5,871,674	\$ (327,588)
Changes for the year			
Service cost	158,107	-	158,107
Interest	385,452	-	385,452
Difference between expected and actual experiences	259,001	-	259,001
Contributions - employer	-	206,485	(206,485)
Net investment income	-	301,916	(301,916)
Benefits paid, including refunds	(234,673)	(234,673)	-
Administrative expenses	-	(10,167)	10,167
Other changes	-	(10,762)	10,762
<i>Net Changes</i>	<u>567,887</u>	<u>252,799</u>	<u>315,088</u>
Balances at end of year	6,111,973	6,124,473	(12,500)

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Police Division			
Balances at beginning of year	2,843,727	3,225,459	(381,732)
Changes for the year			
Service cost	88,054	-	88,054
Interest	199,686	-	199,686
Difference between expected and actual experiences	83,571	-	83,571
Contributions - employer	-	95,579	(95,579)
Net investment income	-	169,073	(169,073)
Benefits paid, including refunds	(69,887)	(69,887)	-
Administrative expenses	-	(5,485)	5,485
Other changes	-	13,578	(13,578)
<i>Net Changes</i>	301,424	202,858	98,566
Balances at end of year	3,145,151	3,428,317	(283,166)
Fire Division			
Balances at beginning of year	1,606,502	1,924,232	(317,730)
Changes for the year			
Service cost	51,312	-	51,312
Interest	113,016	-	113,016
Difference between expected and actual experiences	44,045	-	44,045
Contributions - employer	-	19,783	(19,783)
Net investment income	-	100,147	(100,147)
Benefits paid, including refunds	(35,019)	(35,019)	-
Administrative expenses	-	(1,204)	1,204
Other changes	-	103	(103)
<i>Net Changes</i>	173,354	83,810	89,544
Balances at end of year	1,779,856	2,008,042	(228,186)
Total Plan Balances at End of Year	\$ 11,036,980	\$ 11,560,832	\$ (523,852)

Net Pension Asset is allocated as follows:

	Net Pension Asset
Governmental Activities	\$ 522,787
Business-Type Activities	1,065
	\$ 523,852

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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	\$ 7,017,427	\$ 6,111,973	\$ 5,369,127
Fiduciary Net Position	6,124,473	6,124,473	6,124,473
Net Pension Liability (Asset)	892,954	(12,500)	(755,346)
Police Division			
Total Pension Liability	3,652,045	3,145,151	2,738,910
Fiduciary Net Position	3,428,317	3,428,317	3,428,317
Net Pension Liability (Asset)	223,728	(283,166)	(689,407)
Fire Division			
Total Pension Liability	2,064,738	1,779,856	1,547,958
Fiduciary Net Position	2,008,042	2,008,042	2,008,042
Net Pension Liability (Asset)	56,696	(228,186)	(460,084)
Total Net Pension Liability (Asset)	\$ 1,173,378	\$ (523,852)	\$ (1,904,837)

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

For the year ended December 31, 2024, the City recognized a pension expense of \$555,649. 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	\$ 354,669	\$ -	\$ 354,669
Excess (deficit) investment returns	165,227	-	165,227
Contributions subsequent to the measurement date*	110,268	-	110,268
	630,164	-	630,164

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	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources
Police Division			
Differences in experiences	65,898	(4,219)	61,679
Excess (deficit) investment returns	100,398	-	100,398
Contributions subsequent to the measurement date*	51,688	-	51,688
	217,984	(4,219)	213,765
Fire Division			
Differences in experiences	95,405	(73)	95,332
Differences in assumptions	-	(1,161)	(1,161)
Excess (deficit) investment returns	60,938	-	60,938
Contributions subsequent to the measurement date*	10,337	-	10,337
	166,680	(1,234)	165,446
Total	\$ 1,014,828	\$ (5,453)	\$ 1,009,375

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

Governmental Activities	\$ 961,138	\$ (5,453)	\$ 955,685
Business-Type Activities	53,690	-	53,690
Total	\$ 1,014,828	\$ (5,453)	\$ 1,009,375

*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, 2025.

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

	General	Police	Fire	Total
Year Ending December 31,	Net Deferred (Inflow) Outflow of Resources			
2025	\$ 124,994	\$ 12,423	\$ 26,149	\$ 163,566
2026	257,964	100,168	76,308	434,440
2027	115,455	37,910	38,672	192,037
2028	21,483	11,576	13,980	47,039
	\$ 519,896	\$ 162,077	\$ 155,109	\$ 837,082

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12. 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.

13. 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, 2024, 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.

14. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2024, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 417,355	\$ -
Transportation Fund	-	(66,090)
Park/Stormwater Fund	-	(108,818)
Recreation Fund	246,959	-
Nonmajor Governmental Funds	-	(248,733)
Sewer Fund	-	(205,667)
Sanitation Fund	-	(35,006)
	<u>\$ 664,314</u>	<u>\$ (664,314)</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.

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15. Aurora Community Hospital

The City entered into an agreement on September 5, 2001, 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 hospital improvement fund held by the City. The balance in the fund may be used for 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.

16. Commitments

At December 31, 2024, the City had the following commitments:

<u>Contractor</u>	<u>Project</u>	<u>Amount</u>
Branco Enterprise Inc	Recreation Center	\$ 1,046,242
Grooms Office Environment	Recreation Center furniture	83,755
McClanahan Construction Co.	Sewer Improvement Project	5,352,736
		<u>\$ 6,482,733</u>

17. Restatement of Beginning Balances

During the year ended December 31, 2024, the City adopted GASB Statement No. 101 – *Compensated Absences*. Beginning net position has been restated to reflect the application of the new pronouncement as follows:

	<u>Reporting Units Affected by Restatements of Beginning Balances</u>		
	<u>Governmental Activities</u>	<u>Sewer Fund</u>	<u>Business-type Activities</u>
Beginning Net Position, as previously reported	\$ 22,172,213	\$ 10,485,825	\$ 10,504,945
Change in accounting principle - GASB 101 compensated absences	(191,008)	(15,349)	(15,349)
Net Position, as restated	<u>\$ 21,981,205</u>	<u>\$ 10,470,476</u>	<u>\$ 10,489,596</u>

Required Supplementary Information

City of Aurora

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Year Ended December 31, 2024

Missouri Local Government Employees Retirement System (LAGERS)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 297,473	\$ 269,097	\$ 242,416	\$ 228,483	\$ 213,309	\$ 203,636	\$ 201,300	\$ 193,487	\$ 183,131	\$ 157,649
Interest on the Total Pension Liability	698,154	634,356	571,468	552,118	506,014	464,367	431,150	407,471	364,866	311,206
Difference between expected and actual experience	386,617	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	(339,579)	(328,833)	(252,496)	(261,702)	(221,582)	(206,525)	(221,722)	(149,660)	(90,465)	(87,031)
Net Change in Total Pension Liability	1,042,665	902,724	922,822	537,050	648,184	577,071	449,571	309,667	660,152	729,299
Total Pension Liability, Beginning	9,994,315	9,091,621	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	11,036,980	9,994,345	9,091,621	8,168,799	7,631,749	6,983,565	6,406,494	5,956,923	5,647,256	4,987,104
Plan Fiduciary Net Position										
Contributions - employer	321,847	292,924	243,557	205,453	168,378	151,911	135,131	129,892	135,506	120,405
Contributions - employee	-	-	-	-	-	-	-	55,675	-	-
Net Investment Income (Loss)	571,136	388,896	10,206	2,290,360	105,658	512,940	887,009	756,208	(12,265)	115,480
Benefit payments, including refunds	(339,579)	(328,833)	(252,496)	(261,702)	(221,582)	(207,251)	(221,722)	(149,660)	(90,465)	(87,031)
Pension Plan Administrative Expense	(16,856)	(18,419)	(12,818)	(10,888)	(13,580)	(11,351)	(8,538)	(7,923)	(7,573)	(8,761)
Other (Net Transfer)	2,919	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	539,467	342,119	200,205	2,247,944	54,050	449,458	797,936	750,983	(8,493)	299,762
Plan Fiduciary Net Position, Beginning	11,021,365	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	11,560,832	11,021,365	10,679,246	10,479,041	8,231,097	8,177,047	7,727,589	6,929,653	6,178,670	6,187,163
Employer Net Pension Liability (Asset)	\$ (523,852)	\$ (1,027,020)	\$ (1,587,625)	\$ (2,310,242)	\$ (599,348)	\$ (1,193,482)	\$ (1,321,095)	\$ (972,730)	\$ (531,414)	\$ (1,200,059)
Plan fiduciary net position as a percentage of the total pension liability	104.75%	110.28%	117.46%	128.28%	107.85%	117.09%	120.62%	116.33%	109.41%	124.06%
Covered payroll	\$ 2,896,387	\$ 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	-18.09%	-39.95%	-62.62%	-101.25%	-29.92%	-65.53%	-73.20%	-52.38%	-31.29%	-72.36%

City of Aurora

Schedule of Contributions

Year Ended December 31, 2024

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2024</u>	<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>
Actuarially determined contribution	\$ 351,674	\$ 309,278	\$ 273,356	\$ 237,498	\$ 197,213	\$ 158,928	\$ 142,423	\$ 130,228	\$ 125,754	\$ 142,929
Contributions in relation to the actuarially determined contribution	<u>338,784</u>	<u>305,106</u>	<u>269,320</u>	<u>226,329</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>
Contribution excess (deficit)	<u>\$ 12,890</u>	<u>\$ 4,172</u>	<u>\$ 4,036</u>	<u>\$ 11,169</u>	<u>\$ 5,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
 Covered payroll	 \$ 3,022,615	 \$ 2,815,573	 \$ 2,551,964	 \$ 2,297,700	 \$ 2,175,164	 \$ 1,929,521	 \$ 1,861,226	 \$ 1,809,777	 \$ 1,772,073	 \$ 1,747,658
 Contributions as a percentage of covered payroll	 11.21%	 10.84%	 10.55%	 9.85%	 8.82%	 8.24%	 7.65%	 7.20%	 7.10%	 8.18%

See accompanying Notes to the Schedule of Contributions.

City of Aurora

Notes to the Schedule of Contributions

Year Ended December 31, 2024

Valuation Date: February 29, 2024

Notes: The roll-forward of total pension liability from February 29, 2024, to June 30, 2024, 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 8 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, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Property taxes	\$ 412,000	\$ 412,000	\$ 355,148	\$ (56,852)
City sales taxes	1,500,000	1,500,000	1,533,537	33,537
Franchise taxes	925,000	925,000	987,728	62,728
Use tax	350,000	350,000	399,604	49,604
	3,187,000	3,187,000	3,276,017	89,017
Licenses and Permits	68,000	68,000	70,880	2,880
Intergovernmental Revenues				
Federal and state grants	24,500	24,500	765,788	741,288
Other Intergovernmental	40,000	40,000	41,740	1,740
	64,500	64,500	807,528	743,028
Charges for Services				
Police services	75,000	75,000	70,580	(4,420)
Billboard charges	1,600	1,600	1,890	290
Cemetery	55,000	55,000	46,300	(8,700)
Street	35,000	35,000	30,030	(4,970)
	166,600	166,600	148,800	(17,800)
Fines and Forfeitures	107,600	107,600	41,699	(65,901)
Interest income	500	500	127,343	126,843
Other				
Donations	7,000	7,000	9,153	2,153
Miscellaneous	41,800	41,800	26,938	(14,862)
	48,800	48,800	36,091	(12,709)
Total Revenues	3,643,000	3,643,000	4,508,358	865,358

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
General government	638,190	638,190	738,729	(100,539)
Police and court	2,035,822	2,035,822	2,041,232	(5,410)
Fire	621,601	621,601	670,425	(48,824)
Cemetery care	179,205	179,205	181,656	(2,451)
Finance and economic development	275,372	275,372	285,062	(9,690)
Community development	318,344	318,344	361,527	(43,183)
Capital Outlay	135,000	152,227	174,391	(22,164)
Total Expenditures	4,203,534	4,220,761	4,453,022	(232,261)
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 (560,534)	 (577,761)	 55,336	 633,097
 Other Financing Sources (Uses)				
Sale of capital assets	-	-	19,732	19,732
Net insurance recovery	-	-	127,507	127,507
Operating transfers in (out)	389,410	389,410	417,355	27,945
Total Other Financing Sources (Uses)	389,410	389,410	564,594	175,184
 <i>Net Change in Fund Balance</i>	 (171,124)	 (188,351)	 619,930	 808,281
 Fund Balance, January 1	 1,452,641	 1,452,641	 1,452,641	 -
Fund Balance, December 31	\$ 1,281,517	\$ 1,264,290	\$ 2,072,571	\$ 808,281

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Transportation Fund

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Transportation sales tax	\$ 750,000	\$ 750,000	\$ 766,769	\$ 16,769
Motor fuel taxes	340,000	340,000	390,995	50,995
Intergovernmental Revenue				
Federal and state grants	-	-	138,623	138,623
Charges for Services				
Street	18,000	18,000	55,768	37,768
Airport	7,100	7,100	22,662	15,562
Interest Income	-	-	9,594	9,594
Miscellaneous Income	5,000	5,000	100	(4,900)
Total Revenues	1,120,100	1,120,100	1,384,511	264,411
Expenditures				
Current				
Street	942,822	942,822	868,810	74,012
Airport	5,294	5,294	13,124	(7,830)
Capital Outlay	175,000	175,000	516,356	(341,356)
Total Expenditures	1,123,116	1,123,116	1,398,290	(275,174)
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(3,016)	(3,016)	(13,779)	(10,763)
Other Financing (Uses)				
Net insurance recovery	-	-	216,036	216,036
Operating transfer (out)	-	-	(66,090)	(66,090)
Total Other Financing (Uses)	-	-	149,946	149,946
<i>Net Change in Fund Balance</i>	(3,016)	(3,016)	136,167	139,183
Fund Balance, January 1	599,685	599,685	599,685	-
Fund Balance, December 31	\$ 596,669	\$ 596,669	\$ 735,852	\$ 139,183

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Park/Stormwater Fund

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	\$ 750,000	\$ 750,000	\$ 766,720	\$ 16,720
Charges for Services				
Park activities	78,600	78,600	70,553	(8,047)
Intergovernmental Revenues				
Federal and state grants	-	-	126,000	126,000
Interest income	-	-	14,995	14,995
Other				
Donations	-	-	568	568
Miscellaneous	-	-	3,425	3,425
Total Revenues	828,600	828,600	982,261	153,661
Expenditures				
Current				
Parks and recreation	622,237	622,237	578,212	44,025
Stormwater control	40,794	40,794	21,345	19,449
Capital Outlay	25,000	25,000	35,406	(10,406)
Total Expenditures	688,031	688,031	634,963	53,068
<i>Excess (Deficit) of Revenues Over Expenditures</i>	140,569	140,569	347,298	206,729
Other Financing (Uses)				
Net insurance recovery	-	-	60,259	60,259
Operating transfer (out)	-	-	(108,818)	(108,818)
	-	-	(48,559)	(48,559)
<i>Net Change in Fund Balance</i>	140,569	140,569	298,739	158,170
Fund Balance, January 1	391,641	391,641	391,641	-
Fund Balance, December 31	\$ 532,210	\$ 532,210	\$ 690,380	\$ 158,170

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Community Hospital Fund

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest	\$ 97,517	\$ 97,517	\$ 123,250	\$ 25,733
Other				
Building agreement	200,100	200,100	200,100	-
Total Revenues	<u>297,617</u>	<u>297,617</u>	<u>323,350</u>	<u>25,733</u>
Expenditures				
Current				
Community hospital	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	297,617	297,617	323,350	25,733
Fund Balance, January 1	2,485,066	2,485,066	2,485,066	-
Fund Balance, December 31	<u>\$ 2,782,683</u>	<u>\$ 2,782,683</u>	<u>\$ 2,808,416</u>	<u>\$ 25,733</u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Budgetary Comparison Schedule – Recreation Fund

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Charges for Services				
Recreation activities	\$ -	\$ -	\$ 12,430	\$ 12,430
Interest income	-	-	383,903	383,903
Total Revenues	-	-	396,333	396,333
Expenditures				
Current				
Parks and recreation	-	-	92,521	(92,521)
Capital outlay	-	-	9,100,780	(9,100,780)
Debt service				
Interest	-	-	510,618	(510,618)
Fees	-	-	2,750	(2,750)
Total Expenditures	-	-	9,706,669	(9,706,669)
<i>Excess (Deficit) of Revenues Over Expenditures</i>	-	-	(9,310,336)	(9,310,336)
Other Financing Sources				
Debt proceeds	-	-	40,758	40,758
Transfers in	-	-	246,959	246,959
Total Other Financing Sources	-	-	287,717	287,717
<i>Net Change in Fund Balance</i>	-	-	(9,022,619)	(9,022,619)
Fund Balance, January 1	10,922,602	10,922,602	10,922,602	-
Fund Balance, December 31	\$ 10,922,602	\$ 10,922,602	\$ 1,899,983	\$ (9,022,619)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Aurora

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2024

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, 2024

	Capital Improvement Fund	Capital Improvement Sales Tax Fund	UDAG Fund	TIF Fund	Total
Assets					
Cash and cash equivalents - unrestricted	\$ -	\$ 280,700	\$ 775	\$ 8,464	\$ 289,939
Investments	302,701	-	-	-	302,701
Sales taxes receivable	-	58,928	-	-	58,928
Prepaid expenses	-	-	201	-	201
Total Assets	\$ 302,701	\$ 339,628	\$ 976	\$ 8,464	\$ 651,769
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 2,226	\$ -	\$ 381	\$ -	\$ 2,607
Total Liabilities	2,226	-	381	-	2,607
Fund Balances					
Nonspendable					
Prepaid items	-	-	201	-	201
Restricted for					
Public safety	300,475	-	-	-	300,475
Economic development	-	-	394	8,464	8,858
Capital improvements	-	339,628	-	-	339,628
Total Fund Balances	300,475	339,628	595	8,464	649,162
Total Liabilities and Fund Balances	\$ 302,701	\$ 339,628	\$ 976	\$ 8,464	\$ 651,769

City of Aurora

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

Year Ended December 31, 2024

	Capital Improvement Fund	Capital Improvement Sales Tax Fund	UDAG Fund	TIF Fund	Total
Revenues					
Sales taxes	\$ 180,182	\$ 586,587	\$ -	\$ 111,268	\$ 878,037
Interest	20,727	-	-	-	20,727
Miscellaneous	-	-	540	-	540
Total Revenues	200,909	586,587	540	111,268	899,304
Expenditures					
Current					
General government	-	-	299	-	299
Police and court	13,701	-	-	-	13,701
Fire	764	-	-	-	764
Finance and economic development	-	-	-	132,888	132,888
Capital outlay	665,354	-	-	-	665,354
Total Expenditures	679,819	-	299	132,888	813,006
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(478,910)	586,587	241	(21,620)	86,298
Other Financing Sources (Uses)					
Net insurance recovery	11,212	-	-	-	11,212
Operating transfers in (out)	-	(246,959)	-	(1,774)	(248,733)
Total Other Financing Sources (Uses)	11,212	(246,959)	-	(1,774)	(237,521)
<i>Net Change in Fund Balance</i>	(467,698)	339,628	241	(23,394)	(151,223)
Fund Balance, January 1	768,173	-	354	31,858	800,385
Fund Balance, December 31	\$ 300,475	\$ 339,628	\$ 595	\$ 8,464	\$ 649,162

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, 2024, 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 16, 2025. 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 Responses, as item 2024-001, 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 Responses. 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 16, 2025

City of Aurora

Schedule of Findings and Responses

Year Ended December 31, 2024

Material Weakness

2024-001 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.