

CITY OF ONTARIO, OREGON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020



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CITY OF ONTARIO, OREGON
JUNE 30, 2020

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INTRODUCTORY SECTION

CITY OF ONTARIO, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2020

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
CITY COUNCIL		
Riley Hill	Ontario	Mayor
Vacancy	Ontario	Council President
Ramon Palomo	Ontario	Councilor
Norm Crume	Ontario	Councilor
Freddy Rodriguez	Ontario	Councilor
Michael Braden	Ontario	Councilor
Martin Justus	Ontario	Councilor
OFFICIALS		
Adam Brown	Ontario	City Manager
Tori Barnett	Ontario	City Recorder
Steven Romero	Ontario	Chief of Police
Terry Leighton	Ontario	Fire Chief
Dan Cummings	Ontario	Community Development Director
Cliff Leeper	Ontario	Public Works Director (Jacobs)
Kari Ott	Ontario	Finance Director (Oster Professional Group)
Debbie Jeffries	Ontario	Recreation Manager
Dan Beaubien	Ontario	Airport Manager

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FINANCIAL SECTION

Independent Auditors' Report

To the City Council
City of Ontario, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ontario, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Ontario, as of June 30, 2020, and the respective changes in financial positions and, when applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension liability information and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the MD&A and pension liability 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 MD&A and pension liability information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and was derived from, and, relate directly to, the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ontario, Oregon's basic financial statements. The introductory section, combining and individual fund financial statements, and other financial schedules are the responsibility of management and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 26, 2021 on our consideration of City of Ontario, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC

By Chelsea A. Hewitt
Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
February 26, 2021

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



CITY OF ONTARIO, OREGON
Management's Discussion & Analysis
June 30, 2020

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As management of the City of Ontario, Oregon, (city) we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for the fiscal year ended June 30, 2020. This Management's Discussion and Analysis (MD&A) is based upon currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

The emphasis of discussions about these statements will be on current year data. This information is provided for use in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- ❖ The governmental assets and deferred outflows of the city exceeded its liabilities and deferred inflows at June 30, 2020 by \$22,909,429 (net position).
- ❖ At June 30, 2020, the General Fund total fund balance was \$3,082,209.

USING THE 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.

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the city's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the city as a whole and about its activities in a way that helps answer



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this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting 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.

These two statements report the city's *net position* and changes in them. You can think of the city's net position—the differences between assets, deferred outflows, deferred inflows and liabilities—as 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. You will need to consider other non-financial factors, however, such as changes in the city's property tax base and the condition of the city's roads, to assess the *overall health* of the city.

The Statement of Net Position and the Statement of Activities present information about the following:

- ❖ Governmental activities—All of the city's basic services are considered to be governmental activities, including general government, community development, public safety, culture and recreation, and highways and streets. Property taxes, intergovernmental revenues, transient occupancy taxes, user fees, and franchise fees finance most of these activities.
- ❖ Business-Type activities—Operation of the city's utility system and the golf course are considered to be business-type activities, whereby all or a significant portion of the cost of operation is intended to be recovered through user fees and charges. The city's business-type activities are water, sewer, storm, airport and aquatic.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the city as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council, with the help of the city's budget committee, establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The city's three kinds of funds—*governmental, proprietary and fiduciary*—use different accounting approaches.

- ❖ *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*



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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 you determine whether there are more or less financial resources that can be spent in the near future to finance the city's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation section that follows the fund financial statements.

- ❖ *Proprietary funds*—When the city charges for certain services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.
- ❖ *Fiduciary funds*—The city has an agency fund which accounts for monies belonging to the recreation board. This fund has no measurement focus, but employs the accrual basis of accounting for purposes of asset and liability recognition.

THE CITY AS A WHOLE

Our analysis focuses on the net position and changes in the city's net position (Tables 1 and 2).



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Table 1. Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current and other assets	\$ 10,978,849	\$ 10,415,004	\$ 6,762,004	\$ 5,609,802	\$ 17,740,853	\$ 16,024,806
Capital assets	22,165,367	20,003,256	42,483,709	43,193,865	64,649,076	63,197,121
Total assets	33,144,216	30,418,260	49,245,713	48,803,667	82,389,929	79,221,927
Deferred outflows of resources	6,103,489	4,828,769	70,268	60,396	6,173,757	4,889,165
Current liabilities	997,732	833,561	443,226	336,733	1,440,958	1,170,294
Noncurrent liabilities						
Due within one year	46,199	129,479	280,216	268,151	326,415	397,630
Due in more than one year	14,013,788	11,575,355	4,774,578	5,038,045	18,788,366	16,613,400
Total liabilities	15,057,719	12,538,395	5,498,020	5,642,929	20,555,739	18,181,324
Deferred inflow of resources	1,280,557	1,880,394	510,290	557,377	1,790,847	2,437,771
Net investment in capital assets	22,165,367	19,914,543	37,583,263	38,025,268	59,748,630	57,939,811
Restricted net position	799,952	1,156,984	-	-	799,952	1,156,984
Unrestricted net position	(55,890)	(243,287)	5,724,408	4,638,489	5,668,518	4,395,202
Total net position	\$ 22,909,429	\$ 20,828,240	\$ 43,307,671	\$ 42,663,757	\$ 66,217,100	\$ 63,491,997

Governmental Activities

The city's net position from governmental activities increased by 10% from \$20,828,240 to \$22,909,429. This increase of \$2,081,189 comes from a \$230,579 restatement of net position and a current year increase of \$1,850,610 as recorded in the Statement of Activities and flows through the Statement of Net Position. The following is an explanation of the changes between fiscal years as shown in Table 1:

- ❖ Current and other assets increased by \$563,845 which is mostly due to a \$558,763 increase of accounts receivable. There was a large receivable for local marijuana taxes (which is a new revenue in 2019-20).
- ❖ Capital assets had a net increase of \$2,162,111, which is due to a large street project.
- ❖ Current liabilities increased by \$164,171 made up mostly of an increase in accounts payable.



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- ❖ Long term liabilities increased by \$2,355,153 due to a large increase in net pension liability.
- ❖ Unrestricted net position increased by \$187,397 mostly due to a new revenue source.

Business-Type Activities

The city's net position from business-type activities increased by 1.5% from \$42,663,757 to \$43,307,671. This increase of \$643,914 comes from the current year change in net position as recorded in the Statement of Activities.

- ❖ Current and other assets increased by \$1,152,202 largely due a \$1,027,707 increase in cash and investments.
- ❖ Capital assets decreased by \$710,156 largely due to higher depreciation than new projects.
- ❖ Current liabilities increased by \$106,493 made up mostly of an increase in accounts payable.
- ❖ Long term liabilities decreased by \$251,402 due to principal payments on the existing debt with no new debt in the current year.
- ❖ Unrestricted net position increased by \$1,085,919 mainly due to conservative spending.



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Table 2. Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Revenues						
Program revenues						
Charges for services	\$ 3,270,886	\$ 3,173,012	\$ 7,432,509	\$ 6,979,403	\$ 10,703,395	\$ 10,152,415
Operating contributions	1,850,614	1,849,808	-	500,357	1,850,614	2,350,165
Capital contributions	1,376,292	503,374	-	-	1,376,292	503,374
General revenues:						
Property taxes	3,721,710	3,621,523	-	-	3,721,710	3,621,523
Local taxes and fees	3,650,276	1,849,084	-	-	3,650,276	1,849,084
Unrestricted grants	136,990	130,098	-	-	136,990	130,098
Investment income	59,873	69,423	201,970	235,648	261,843	305,071
Miscellaneous	64,736	63,076	-	-	64,736	63,076
Total revenues	14,131,377	11,259,398	7,634,479	7,715,408	21,765,856	18,974,806
Expenses						
Governmental Activities						
General government	4,095,659	3,384,130	-	-	4,095,659	3,384,130
Highways and streets	2,272,975	2,119,274	-	-	2,272,975	2,119,274
Public works	18,172	91,128	-	-	18,172	91,128
Public safety	6,076,340	4,963,568	-	-	6,076,340	4,963,568
Parks and recreation	145,397	318,791	-	-	145,397	318,791
Interest on debt	1,050	5,487	-	-	1,050	5,487
Business-Type Activities						
Water	-	-	3,155,660	3,023,284	3,155,660	3,023,284
Sewer	-	-	3,002,898	2,831,214	3,002,898	2,831,214
Storm sewer	-	-	202,711	197,460	202,711	197,460
Airport	-	-	350,148	409,075	350,148	409,075
Aquatic	-	-	600	11,074	600	11,074
Total Expenses	12,609,593	10,882,378	6,712,017	6,472,107	19,321,610	17,354,485
Capital asset transfers	(427,537)	(1,574,084)	427,537	1,574,084	-	-
Gain (loss) on sale of asset	22,278	-	28,000	-	50,278	-
Transfers in (out)	734,085	(26,803)	(734,085)	26,803	-	-
Increase in net position	1,850,610	(1,223,867)	643,914	2,844,188	2,494,524	1,620,321
Net position - beginning	20,828,240	22,068,787	42,663,757	39,819,569	63,491,997	61,888,356
Restatements	230,579	(16,680)	-	-	230,579	(16,680)
Net position - as restated	21,058,819	22,052,107	42,663,757	39,819,569	63,722,576	61,871,676
Net position, ending	\$ 22,909,429	\$ 20,828,240	\$ 43,307,671	\$ 42,663,757	\$ 66,217,100	\$ 63,491,997



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Governmental Activities

The city's total revenues from governmental activities increased from the prior fiscal year by \$2,871,979 (25.5%) and the total cost of all governmental programs and services increased by \$1,727,215 (15.9%). The increases in revenues mainly came from the new local marijuana tax and ODOT street project. The increases in expenses were primarily from changes in the Net Pension Liability.

Business-Type Activities

The city's business-type activities revenues decreased \$80,929 (1%) from the prior fiscal year and the total costs of the business-type activities increased \$239,910 (3.7%). The total business-type revenues decreased because of the splash pad grants. The expenses increased mainly due to the increase in contract with Jacobs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end, the city's governmental funds reported combined fund balances of \$9,618,456 which is an increase of \$411,014 (4.5%) from the prior fiscal year.

- ❖ The largest decrease in fund balance was in the Street Fund. The Street Fund had a net change of (\$467,935). This was mainly due to a large street project.
- ❖ The General Fund had a net increase of \$850,547. This increase came from new local marijuana tax revenues.

At year-end, the city's proprietary funds reported combined net position of \$43,307,671 for enterprise funds. This is a combined increase in net position of \$643,914. This is mostly due to conservative spending in order to set aside funds for the Sewer Fund NPDES permit capital project requirements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The city is continuing to operate on an annual budget.

Expenditures

The final appropriations of the budget for personal services for the General Fund were \$5,582,939 and the actual expenditures were \$5,447,593. This is 98% of the budget expended.



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The final appropriations of the budget for materials and services for the General Fund were \$1,695,264 actual expenditures were \$1,526,625 This is 90% of the budget expended.

Overall, expenditure appropriations (excluding transfers) were \$7,779,041 and total expenditures were \$7,111,914. This shows that 91% of the appropriated budget was expended in the fiscal year ended June 30, 2020.

Revenues

110% of the budgeted revenues for the 2019-2020 budget was received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the city shows \$64,649,076 of capital assets, net of depreciation, this is an increase of \$1,451,955 from the prior year. The city has \$22,165,367 of capital assets in governmental activities and \$42,483,709 in business-type activities. The governmental activities reflect that the completed the Treasure Valley Connection trail, purchased some equipment, worked on a couple large street programs and installed a new shelter for Lion's Park. The business-type activities had a large water & sewer line replacement project, purchased equipment, began skate park restrooms and had improvements at the airport.

Debt

The city had a total of \$4,900,446 in long-term debt at June 30, 2020; this is a decrease of \$356,864. The decrease is due to payments being applied to the principal of the debt. The entire amount of debt is being paid out of the proprietary funds. All the governmental activities debt was paid off in fiscal year 2019-2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy of the city is based primarily on agriculture; however, there is a great deal of retail jobs within Ontario as it serves as the shopping hub for the Treasure Valley.

The city utilizes an annual budget that takes into account the projected property tax rates and valuations, historical trends in transient occupancy taxes, rate increases as allowed by ordinance for water services



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and the balance of project expenditures. The city is projecting to receive \$3 million dollars in revenue due to local and state cannabis taxes.

The city continues to struggle to fund the city services at a level the citizens of Ontario deserve. There are difficult decisions required to be made by management, the budget committee and the city council on an ongoing basis to attempt to balance funding with services provided.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Ontario's finances and to show the city's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 444 SW 4th Street, Ontario, Oregon 97914.

BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

CITY OF ONTARIO, OREGON
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 7,802,804	\$ 5,740,669	\$ 13,543,473
Receivables			
Property tax	204,142	-	204,142
Other taxes	793,247		
Customer accounts receivable, net	289,797	829,469	1,119,266
Other	749,986	165,232	915,218
Street assessments	18,217	-	18,217
Loans	124,692	-	124,692
Notes	-	4,437	4,437
Due from other funds	111,658	(111,658)	-
Accrued interest receivable	69	-	69
Restricted cash			
System development charges	447,942	-	447,942
Customer deposits	-	119,667	119,667
Held in evidence fund	14,896		14,896
Deposits held in trust	246,663	-	246,663
Prepaid expenses	121,280	-	121,280
Net OPEB asset	53,456	617	54,073
Chemicals	-	13,571	13,571
Capital assets not being depreciated	4,198,880	6,846,958	11,045,838
Capital assets being depreciated (net of accumulated depreciation)	17,966,487	35,636,751	53,603,238
Total assets	<u>33,144,216</u>	<u>49,245,713</u>	<u>82,389,929</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	15,109	25	15,134
Deferred outflows related to PERS	6,088,380	70,243	6,158,623
Total deferred outflows	<u>6,103,489</u>	<u>70,268</u>	<u>6,173,757</u>
LIABILITIES			
Accounts payable	484,972	165,459	650,431
Accrued liabilities	213,701	-	213,701
Accrued interest payable	-	140,722	140,722
Customer deposits	37,500	120,667	158,167
Unearned rent income	-	16,378	16,378
Held in evidence fund	14,896	-	14,896
Deposits held in trust	246,663	-	246,663
Long-term liabilities			
Portion due or payable within one year			
Current portion of note payable	-	280,216	280,216
Current portion of compensated absences	46,199	-	46,199
Portion due or payable after one year			
Note payable	-	4,620,230	4,620,230
Compensated absences	299,246	-	299,246
Net pension liability	13,378,295	154,348	13,532,643
Net OPEB liability	336,247	-	336,247
Total liabilities	<u>15,057,719</u>	<u>5,498,020</u>	<u>20,555,739</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	67,729	124	67,853
Deferred inflows related to PERS	1,212,828	13,993	1,226,821
Debt refunding	-	496,173	496,173
Total deferred inflows	<u>1,280,557</u>	<u>510,290</u>	<u>1,790,847</u>
NET POSITION			
Net investment in capital assets	22,165,367	37,583,263	59,748,630
Restricted for			
Street projects	58,562	-	58,562
System development	447,942	-	447,942
Building inspection	292,238	-	292,238
Grants	1,210	-	1,210
Unrestricted	(55,890)	5,724,408	5,668,518
Total net position	<u>\$ 22,909,429</u>	<u>\$ 43,307,671</u>	<u>\$ 66,217,100</u>

CITY OF ONTARIO, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2020

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		Total
	Expenses	Charges for services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Primary Government							
Governmental activities							
General government	\$ 4,095,659	\$ 1,171,617	\$ 375,832	\$ -	\$ (2,548,210)	\$ -	\$ (2,548,210)
Highways and streets	2,272,975	830,418	1,050,776	1,237,054	845,273	-	845,273
Public works	18,172	664,053	-	24,752	670,633	-	670,633
Public safety	6,076,340	522,560	422,009	-	(5,131,771)	-	(5,131,771)
Parks and recreation	145,397	82,238	1,997	-	(61,162)	-	(61,162)
Airport	-	-	-	114,486	114,486	-	114,486
Interest on long term debt	1,050	-	-	-	(1,050)	-	(1,050)
Total governmental activities	12,609,593	3,270,886	1,850,614	1,376,292	(6,111,801)	-	(6,111,801)
Business-Type activities							
Water	3,155,660	3,311,796	-	-	-	156,136	156,136
Sewer	3,002,898	3,910,101	-	-	-	907,203	907,203
Storm sewer	202,711	118,833	-	-	-	(83,878)	(83,878)
Airport	350,148	91,779	-	-	-	(258,369)	(258,369)
Aquatic	600	-	-	-	-	(600)	(600)
Total business type activities	6,712,017	7,432,509	-	-	-	720,492	720,492
Total primary government	\$ 19,321,610	\$ 10,703,395	\$ 1,850,614	\$ 1,376,292	(6,111,801)	720,492	(5,391,309)
General revenues							
Property and other city tax levied for:							
General purposes					3,721,710	-	3,721,710
Local taxes and fees					3,650,276	-	3,650,276
Grants and contributions not restricted							
to specific purpose					136,990	-	136,990
Unrestricted investments earnings					59,873	201,970	261,843
Miscellaneous					64,736	-	64,736
Total general revenues					7,633,585	201,970	7,835,555
Capital asset transfers							
Transfers					(427,537)	427,537	-
Gain (loss) on sale of asset					734,085	(734,085)	-
					22,278	28,000	40,278
					328,826	(278,548)	40,278
Changes in net position							
					1,850,610	643,914	2,484,524
Net position, July 1, 2019, before restatement							
					20,828,240	42,663,757	63,491,997
Restatement, see note 14							
					230,579	-	230,579
Net position, July 1, 2019, after restatement							
					21,058,819	42,663,757	63,722,576
Net position, June 30, 2020							
					\$ 22,909,429	\$ 43,307,671	\$ 66,217,100

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FUND FINANCIAL STATEMENTS

CITY OF ONTARIO, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Street Fund	Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total June 30, 2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets						
Cash and investments	\$ 1,602,015	\$ 222,179	\$ 1,854,411	\$ 2,977,423	\$ 1,146,776	\$ 7,802,804
Receivables						
Property taxes	204,142	-	-	-	-	204,142
Other taxes	715,770	18,104	25,432	1,293	32,648	793,247
Customer accounts, net allowance	179,829	30,390	24,350	55,228	-	289,797
Loans	-	-	-	-	124,692	124,692
Special assessments	-	-	-	18,217	-	18,217
Other	471,877	48,988	-	6,545	222,576	749,986
Due from other funds	307,848	-	-	-	-	307,848
Prepaid expenses	121,280	-	-	-	-	121,280
Restricted cash						
Cash held in trust	-	-	-	-	246,663	246,663
Held in evidence fund	14,896	-	-	-	-	14,896
System development charges	-	-	-	-	447,942	447,942
Total assets	<u>3,617,657</u>	<u>319,661</u>	<u>1,904,193</u>	<u>3,058,706</u>	<u>2,221,297</u>	<u>11,121,514</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 3,617,657</u>	<u>\$ 319,661</u>	<u>\$ 1,904,193</u>	<u>\$ 3,058,706</u>	<u>\$ 2,221,297</u>	<u>\$ 11,121,514</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Current liabilities						
Accounts payable	\$ 103,129	\$ 261,099	\$ 31,091	\$ -	\$ 89,653	\$ 484,972
Payroll liabilities	213,696	-	5	-	-	213,701
Due to other funds	-	-	-	-	196,190	196,190
Held by evidence fund	14,896	-	-	-	-	14,896
Held in trust	-	-	-	-	246,663	246,663
Customer deposits	37,500	-	-	-	-	37,500
Total current liabilities	<u>369,221</u>	<u>261,099</u>	<u>31,096</u>	<u>-</u>	<u>532,506</u>	<u>1,193,922</u>
Total liabilities	<u>369,221</u>	<u>261,099</u>	<u>31,096</u>	<u>-</u>	<u>532,506</u>	<u>1,193,922</u>
Deferred inflows of resources						
Unavailable property tax revenues	166,227	-	-	-	-	166,227
Unavailable special assessment revenues	-	-	-	18,217	-	18,217
Unavailable economic development loans	-	-	-	-	124,692	124,692
Total deferred inflows	<u>166,227</u>	<u>-</u>	<u>-</u>	<u>18,217</u>	<u>124,692</u>	<u>309,136</u>
Fund balances						
Nonspendable	429,128	-	-	-	-	429,128
Spendable						
Restricted	-	58,562	-	-	741,390	799,952
Committed	-	-	1,873,097	3,040,489	822,709	5,736,295
Unassigned	2,653,081	-	-	-	-	2,653,081
Total fund balances	<u>3,082,209</u>	<u>58,562</u>	<u>1,873,097</u>	<u>3,040,489</u>	<u>1,564,099</u>	<u>9,618,456</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,617,657</u>	<u>\$ 319,661</u>	<u>\$ 1,904,193</u>	<u>\$ 3,058,706</u>	<u>\$ 2,221,297</u>	<u>\$ 11,121,514</u>

CITY OF ONTARIO, OREGON
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT TO NET POSITION
June 30, 2020

TOTAL FUND BALANCES \$ 9,618,456

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

Capital assets are not financial resources and, therefore, are not reported in the governmental funds

Cost	\$ 42,037,289	
Accumulated depreciation	(19,871,922)	22,165,367

Compensated absences are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements. (345,445)

Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 309,136

Accrued interest receivable not received in the current year is not reported as governmental fund assets. 69

Net OPEB asset is not a financial resource and, therefore, not reported in the governmental funds. 53,456

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

Net pension liability	(13,378,295)	
Net OPEB liability	(336,247)	(13,714,542)

Current year PERS contributions are deferred outflows of resources that will be a recognized expense in the subsequent period. 6,088,380

City's proportionate share of differences between projected and actual earnings on investments, and the differences between employer contributions and the proportionate share of contributions will be amortized over the next five years. (1,212,828)

Current year OPEB contributions are deferred outflows of resources that will be a recognized expense in the subsequent period. 15,109

City's OPEB changes in assumptions or inputs will be amortized over future years. (67,729)

TOTAL NET POSITION \$ 22,909,429

CITY OF ONTARIO, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended
June 30, 2020

	General Fund	Street Fund	Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total June 30, 2020
Revenues						
Taxes						
Property taxes	\$ 3,743,588	\$ -	\$ -	\$ -	\$ -	\$ 3,743,588
Other taxes	1,822,248	203,176	203,176	-	367,180	2,595,780
Intergovernmental revenues	630,391	2,018,158	7,846	-	509,005	3,165,400
Charges for services	351,072	369,731	182,634	23,678	15,850	942,965
Licenses and permits	37,419	-	-	-	237,181	274,600
Fines and forfeits	74,052	-	-	-	-	74,052
Miscellaneous						
Franchise fees	1,593,781	-	-	-	-	1,593,781
Miscellaneous revenues	66,518	1,318	10,244	15,968	300	94,348
Interest on investments	58,571	444	883	-	1,162	61,060
System development charges	-	-	-	-	83,402	83,402
Utilities capitalization charges	-	-	-	554,792	-	554,792
Administration	497,148	460,687	-	-	-	957,835
Total revenues	<u>8,874,788</u>	<u>3,053,514</u>	<u>404,783</u>	<u>594,438</u>	<u>1,214,080</u>	<u>14,141,603</u>
Expenditures						
Current						
General government	1,460,465	-	1,225,588	-	615,397	3,301,450
Highways and streets	-	1,766,977	-	-	-	1,766,977
Public safety	5,392,320	-	126,707	-	46,310	5,565,337
Parks and recreation	121,433	-	-	4,000	-	125,433
Capital outlay	137,696	1,996,475	677,367	331,380	477,203	3,620,121
Debt service						
Principal	-	61,024	-	-	27,688	88,712
Interest	-	1,609	-	-	255	1,864
Total expenditures	<u>7,111,914</u>	<u>3,826,085</u>	<u>2,029,662</u>	<u>335,380</u>	<u>1,166,853</u>	<u>14,469,894</u>
Excess of revenues over (under) expenditures	1,762,874	(772,571)	(1,624,879)	259,058	47,227	(328,291)
Other financing sources (uses)						
Operating transfers in	-	304,636	1,347,521	100,000	9,931	1,762,088
Operating transfers out	(912,327)	-	(110,780)	-	(4,896)	(1,028,003)
Capital asset sales	-	-	5,220	-	-	5,220
Total other sources (uses)	<u>(912,327)</u>	<u>304,636</u>	<u>1,241,961</u>	<u>100,000</u>	<u>5,035</u>	<u>739,305</u>
Net change in fund balances	850,547	(467,935)	(382,918)	359,058	52,262	411,014
Fund balances, July 1	2,231,662	526,497	2,256,015	2,681,431	1,511,837	9,207,442
Fund balances, June 30	<u>\$ 3,082,209</u>	<u>\$ 58,562</u>	<u>\$ 1,873,097</u>	<u>\$ 3,040,489</u>	<u>\$ 1,564,099</u>	<u>\$ 9,618,456</u>

CITY OF ONTARIO, OREGON
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended
June 30, 2020

NET CHANGE IN FUND BALANCES \$ 411,014

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Expenditures for capital assets	\$ 2,661,180	
Current year dispositions	(5,792)	
Less current year depreciation	<u>(723,855)</u>	1,931,533

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Debt principal repaid	<u>88,712</u>	88,712
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Interest on loans receivable is not accrued in the governmental funds but is recorded as revenue when received.

Accrued interest receivable		(9,324)
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Interest on long-term debt is not accrued in the governmental funds but is expensed when paid.

Interest accrued		814
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Certain revenues not collected for several months after year end are not considered available revenue and is deferred in the governmental funds. The change in deferred revenue is not reflected in the governmental funds, but is in the Statement of Activities as a change in revenues.

(24,905)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences		(9,881)
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Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the governmental funds.

(518,851)

Changes in net OPEB asset/liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the governmental funds.

(18,502)

CHANGE IN NET POSITION		<u><u>\$ 1,850,610</u></u>
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CITY OF ONTARIO, OREGON
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds				Total June 30, 2020	Internal Service Fund
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds		
ASSETS						
Current assets						
Cash and investments	\$ 1,520,838	\$ 3,762,012	\$ 28,590	\$ 429,229	\$ 5,740,669	\$ -
Receivables						
Customer accounts receivable, net allowance for doubtful accounts	319,186	474,762	26,265	9,256	829,469	-
Other receivables	-	-	-	165,232	165,232	-
Notes receivable	-	-	4,437	-	4,437	-
Restricted cash						
Customer deposits	12,103	-	-	-	12,103	107,564
Long-term assets						
Net OPEB asset	-	-	617	-	617	-
Inventories	13,571	-	-	-	13,571	-
Capital assets, net of accumulated depreciation	13,263,072	17,379,176	8,873,992	2,967,469	42,483,709	-
Total assets	<u>15,128,770</u>	<u>21,615,950</u>	<u>8,933,901</u>	<u>3,571,186</u>	<u>49,249,807</u>	<u>107,564</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to PERS	-	-	70,243	-	70,243	-
Deferred outflows related to OPEB	-	-	25	-	25	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>70,268</u>	<u>-</u>	<u>70,268</u>	<u>-</u>
LIABILITIES						
Current liabilities						
Accounts payable	15,825	121,379	446	27,809	165,459	-
Accrued interest	69,936	70,786	-	-	140,722	-
Deposit liability	12,103	-	1,000	-	13,103	107,564
Due to other funds	-	-	-	111,658	111,658	-
Unearned rent income	-	-	16,378	-	16,378	-
Current portion of non-current liabilities	153,084	127,132	-	-	280,216	-
Total current liabilities	<u>250,948</u>	<u>319,297</u>	<u>17,824</u>	<u>139,467</u>	<u>727,536</u>	<u>107,564</u>
Non-current liabilities						
Notes payable	2,301,342	2,318,888	-	-	4,620,230	-
Net pension liability	-	-	154,348	-	154,348	-
Total liabilities	<u>2,552,290</u>	<u>2,638,185</u>	<u>172,172</u>	<u>139,467</u>	<u>5,502,114</u>	<u>107,564</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to PERS	-	-	13,993	-	13,993	-
Deferred inflows related to OPEB	-	-	124	-	124	-
Debt refunding	252,135	244,038	-	-	496,173	-
Total deferred inflows	<u>252,135</u>	<u>244,038</u>	<u>14,117</u>	<u>-</u>	<u>510,290</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	10,808,646	14,933,156	8,873,992	2,967,469	37,583,263	-
Unrestricted net position	1,515,699	3,800,571	(56,112)	464,250	5,724,408	-
Total net position	<u>\$ 12,324,345</u>	<u>\$ 18,733,727</u>	<u>\$ 8,817,880</u>	<u>\$ 3,431,719</u>	<u>\$ 43,307,671</u>	<u>\$ -</u>

CITY OF ONTARIO, OREGON
**RECONCILIATION OF ENTERPRISE FUNDS STATEMENT OF FUND NET POSITION
 TO THE STATEMENT OF NET POSITION**
 June 30, 2020

TOTAL ENTERPRISE FUNDS NET POSITION	\$43,307,671
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Amounts reported for business-type activities in the Statement of Net Position are different because:

The internal service fund is used by management to charge the costs of certain activities to individual funds. The internal service fund predominately serves the enterprise funds, so the assets and liabilities of the internal service fund is included in Business-Type Activities in the Statement of Net Position as follows:

Cash and cash equivalents	\$ 107,564	
Deposit liability	<u>(107,564)</u>	-

TOTAL NET POSITION	<u><u>\$43,307,671</u></u>
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CITY OF ONTARIO, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended
June 30, 2020

	Enterprise Funds				Total June 30, 2020	Internal Service Fund
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds		
Operating revenues						
Consumer receipts	\$ 3,310,096	\$ 3,910,101	\$ 91,279	\$ 110,339	\$ 7,421,815	\$ -
Miscellaneous	1,700	-	500	8,494	10,694	-
Total operating revenues	<u>3,311,796</u>	<u>3,910,101</u>	<u>91,779</u>	<u>118,833</u>	<u>7,432,509</u>	<u>-</u>
Operating expenses						
Wages and salaries	-	-	37,652	-	37,652	-
Employee benefits	300	600	13,811	-	14,711	-
Contract services	1,836,911	1,637,734	13,725	82,174	3,570,544	-
Depreciation	517,284	550,645	253,888	106,051	1,427,868	-
Insurance	62,720	62,720	2,915	2,281	130,636	-
Miscellaneous expense	124	10,850	5,839	913	17,726	-
Repairs and maintenance	-	-	2,797	-	2,797	-
Supplies - general	11,470	20,408	7,383	141	39,402	-
Supplies - petroleum	-	-	935	-	935	-
Telephone	40	47	1,385	-	1,472	-
Travel and school	-	-	1,346	-	1,346	-
Utilities	302	15,345	8,472	14	24,133	-
Projects	184,390	135,793	-	-	320,183	-
Fees	231,436	244,415	-	7,915	483,766	-
Administrative	209,341	218,361	-	3,822	431,524	-
Total operating expenses	<u>3,054,318</u>	<u>2,896,918</u>	<u>350,148</u>	<u>203,311</u>	<u>6,504,695</u>	<u>-</u>
Net income from operations	257,478	1,013,183	(258,369)	(84,478)	927,814	-
Non operating income (expenses)						
Interest earned on investments	84,112	113,947	478	3,433	201,970	-
Interest expenses	(122,353)	(123,411)	-	-	(245,764)	-
Bond premium	21,011	17,431	-	-	38,442	-
Sale of assets	12,760	14,760	-	480	28,000	-
Total non operating income (expenses)	<u>(4,470)</u>	<u>22,727</u>	<u>478</u>	<u>3,913</u>	<u>22,648</u>	<u>-</u>
Net income	253,008	1,035,910	(257,891)	(80,565)	950,462	-
Other items						
Capital contribution (distribution)	121,856	121,855	183,826	-	427,537	-
Transfers out	(460,950)	(256,085)	(1,685)	(15,365)	(734,085)	-
Total other items	<u>(339,094)</u>	<u>(134,230)</u>	<u>182,141</u>	<u>(15,365)</u>	<u>(306,548)</u>	<u>-</u>
Change in net position	(86,086)	901,680	(75,750)	(95,930)	643,914	-
Net position beginning of year	12,410,431	17,832,047	8,893,630	3,527,649	42,663,757	-
Net position end of year	<u>\$ 12,324,345</u>	<u>\$ 18,733,727</u>	<u>\$ 8,817,880</u>	<u>\$ 3,431,719</u>	<u>\$ 43,307,671</u>	<u>\$ -</u>

CITY OF ONTARIO, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended
June 30, 2020

	Enterprise Funds					Internal Service Fund
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds	Total	
Cash flows from operating activities						
Cash received from customers	\$ 3,299,497	\$ 3,795,275	\$ 87,206	\$ 110,289	\$ 7,292,267	\$ (1,772)
Cash payment to employees for services	(300)	(600)	(53,454)	-	(54,354)	-
Cash payment to suppliers for goods and services	(2,550,650)	(2,233,944)	(55,492)	(71,207)	(4,911,293)	-
Other operating revenues	1,700	-	500	98,609	100,809	-
Net cash provided by operating activities	<u>750,247</u>	<u>1,560,731</u>	<u>(21,240)</u>	<u>137,691</u>	<u>2,427,429</u>	<u>(1,772)</u>
Cash flows from noncapital financing activities						
Operating transfers-out to other funds	(460,950)	(256,085)	(1,685)	(15,365)	(734,085)	-
Interfund loans	-	-	-	(84,176)	(84,176)	-
Net cash provided by noncapital financing activities	<u>(460,950)</u>	<u>(256,085)</u>	<u>(1,685)</u>	<u>(99,541)</u>	<u>(818,261)</u>	<u>-</u>
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(61,132)	(146,817)	-	(82,228)	(290,177)	-
Interest paid on notes payable	(125,802)	(126,301)	-	-	(252,103)	-
Sale of capital assets	12,760	14,760	-	480	28,000	-
Payment on notes	(146,972)	(121,179)	-	-	(268,151)	-
Net cash used for capital and related financing activities	<u>(321,146)</u>	<u>(379,537)</u>	<u>-</u>	<u>(81,748)</u>	<u>(782,431)</u>	<u>-</u>
Cash flows from investing activities						
Interest and dividends on investments	84,112	113,947	478	3,433	201,970	-
Net cash provided (used) in investing activities	<u>84,112</u>	<u>113,947</u>	<u>478</u>	<u>3,433</u>	<u>201,970</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	52,263	1,039,056	(22,447)	(40,165)	1,028,707	(1,772)
Cash and cash equivalents at beginning of year	1,480,678	2,722,956	51,037	469,394	4,724,065	109,336
Cash and cash equivalents at end of year	<u>\$ 1,532,941</u>	<u>\$ 3,762,012</u>	<u>\$ 28,590</u>	<u>\$ 429,229</u>	<u>\$ 5,752,772</u>	<u>\$ 107,564</u>
Reconciliation of operating income to net cash provided by operating activities						
Net Income	\$ 257,478	\$ 1,013,183	\$ (258,369)	\$ (84,478)	\$ 927,814	\$ -
Adjustments to reconcile net income to net cash provided (used) by operating activities:						
Depreciation expense	517,284	550,645	253,888	106,051	1,427,868	-
(Increase) decrease in accounts receivable	(11,599)	(114,826)	(4,507)	90,065	(40,867)	-
Increase (decrease) in accounts payable	(13,916)	111,729	(10,695)	26,053	113,171	-
Net increase (decrease) in customer deposits	1,000	-	-	-	1,000	(1,772)
Net increase (decrease) in unearned rent income	-	-	434	-	434	-
Changes in net pension liability	-	-	16,749	-	16,749	-
PERS deferred inflows	-	-	(8,650)	-	(8,650)	-
PERS deferred outflows	-	-	(10,019)	-	(10,019)	-
OPEB deferred inflows	-	-	6	-	6	-
OPEB deferred outflows	-	-	147	-	147	-
Changes in net OPEB liability/asset	-	-	(224)	-	(224)	-
Total adjustments	<u>492,769</u>	<u>547,548</u>	<u>237,129</u>	<u>222,169</u>	<u>1,499,615</u>	<u>(1,772)</u>
Net cash provided (used) by operating activities	<u>\$ 750,247</u>	<u>\$ 1,560,731</u>	<u>\$ (21,240)</u>	<u>\$ 137,691</u>	<u>\$ 2,427,429</u>	<u>\$ (1,772)</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position						
Current assets						
Cash and investments	\$ 1,520,838	\$ 3,762,012	\$ 28,590	\$ 429,229	\$ 5,740,669	\$ -
Restricted assets						
Customer deposits	12,103	-	-	-	12,103	107,564
Total cash and cash equivalents at year end	<u>\$ 1,532,941</u>	<u>\$ 3,762,012</u>	<u>\$ 28,590</u>	<u>\$ 429,229</u>	<u>\$ 5,752,772</u>	<u>\$ 107,564</u>
Non cash capital financing transactions						
Capital contributions from (to) other funds	\$ 121,856	\$ 121,855	\$ 183,826	\$ -	\$ 427,537	\$ -

CITY OF ONTARIO, OREGON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 290</u>
Total assets	<u>290</u>
LIABILITIES	
Held in trust for other governments	<u>290</u>
Total liabilities	<u><u>\$ 290</u></u>

**NOTES TO BASIC FINANCIAL
STATEMENTS**

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Note 1. Significant Accounting Policies

Organizational Authority

The City of Ontario operates under a charter adopted in 1954. The City Council, composed of the mayor and six council members, comprises the legislative branch of the city. Each councilor and the mayor are elected for a term of four years. Individual departments are under direction of the City Manager, who is appointed by the City Council. The City of Ontario provides numerous services to citizens, including public safety, public works, parks and recreation and general government services. It also operates the airport and provides water and sewer utilities.

A. The Reporting Entity

The City Council exercises governance responsibilities over all entities related to city activity. The city receives funding from local, state, and federal sources. However, the City of Ontario is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Council members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the city for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the primary government's financial accountability. The criteria used to determine financial accountability include whether the primary government appoints a voting majority, the primary government can impose its will on the component unit, whether there is financial benefit or burden on the primary government, and if the component unit has a fiscal dependency on the primary government. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the city is financially accountable. No other entities met requirements for inclusion in the basic financial statements of the City of Ontario.

B. Fund Accounting

City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped, in the financial statements in this report, into two broad fund categories: governmental funds and proprietary funds.

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.

Special Revenue Funds—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds—Debt service funds are used to account for interest and principal payments for debt.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Capital Project Funds—Capital project funds are generally used to account for financial resources to be used for the acquisitions or construction of major capital facilities.

PROPRIETARY FUNDS

Enterprise Funds—Enterprise funds are used to account for water and sewer services and golf course services provided to the community. Principal revenue sources are fees charged to consumers for services.

Internal Service Fund—The internal service fund is used to charge the costs of certain activities to individual funds. The internal service fund is predominately used by enterprise funds.

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information on all the nonfiduciary activities of the city. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are financed primarily through property taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the city's assets, deferred outflows, deferred inflows and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the city's funds. Separate financial statements are provided for each fund category (governmental and proprietary). The emphasis of fund financial statements is on major funds, each displayed in a separate column. The nonmajor funds are shown in the aggregate.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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.

Street Fund— The Street Fund is a special revenue fund used to account for maintenance of the city’s streets and street lighting. The major sources of revenue for the Street Fund come from the state of Oregon with tax on motor vehicle fuel and the Surface Transportation Program funds.

Capital Projects Fund—The Capital Projects Fund is used to account for financial resources to be used for the acquisitions or construction of major capital facilities.

Reserve Fund – The Reserve Fund accounts for funding set aside for specific purposes. The Reserve Fund has funding in separate departments for footpaths, building inspection, emergency equipment, public works, PERS lump-sum payments and infrastructure.

The city reports on the following major proprietary funds:

Water Fund – The Water Fund is an enterprise fund used to account for the operation of the city’s water system.

Sewer Fund – The Sewer Fund is an enterprise fund used to account for the operation of the city’s sewer system.

Airport Fund – The Airport Fund is an enterprise fund used to account for the operation of the city’s airport.

Public Works Internal Service Fund – The Public Works Internal Service Fund is used to charge the costs of certain activities to individual funds. The internal service fund is predominately used by enterprise funds. This fund accounts for water & sewer deposits.

Additionally, the city reports the following fund types:

Agency Fund—The agency fund is used to account for the donations held for and spent by the recreation board.

D. Measurement Focus and Basis of Accounting

Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary fund financial statements (city has agency funds only) have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. With the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the city’s policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. A six-month availability period is used for revenue recognition for all reimbursable grants. The city considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the city’s proprietary funds are charges for services, operating grants and other miscellaneous revenues. Operating expenses for the proprietary funds include personnel and materials and supplies. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

E. Cash and Investments

The city’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in savings accounts and the state of Oregon Local Government Investment Pool and allocated to each fund based on the amount of excess cash each fund has deposited.

Oregon statutes and local ordinances authorize the city to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the states of Oregon, Washington, Idaho, and California, certain interest bearing bonds of a county, port, or school district, certain interest bearing bonds of any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker’s acceptances, and certain corporate bonds.

F. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the city considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the city’s pooled cash and investments.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

G. Capital Assets

Capital assets, which include property, equipment, vehicles, and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The city defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one reporting period. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives.

Buildings and improvements	20 to 50 years
Improvements other than buildings	20 years
Equipment	5 to 30 years
Vehicles	8 years
Infrastructure	10 to 100 years

H. Other Asset

Water and wastewater treatment thirty-day chemical inventory will have to be left with the city if the public works CH2M Hill (Jacobs) contract is terminated. An asset of \$13,571 is booked for this value as shown by the Appendix G of the contract.

I. Fund Balances

GASB Statement No. 54 requires analysis and presentation of fund balances in five categories; the fund balance categories are:

- *Nonspendable*— Fund balance is reported as nonspendable when the resources cannot ever be spent, whether due to legal restrictions (such as corpus) or items not spendable in form such as prepaid items, interfund receivables and inventory.
- *Restricted*—Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed*—Fund balance is reported as committed when the council passes a resolution, the formal action of the city’s highest decision-making level of authority, to establish a specific spending constraint on how the resources may be used. The council can also modify or rescind the resolution through the passage of another formal resolution. Includes items committed by city council; commitments are required to be made, modified or rescinded by formal council resolution.
- *Assigned*—Fund balance is reported as assigned by city policy when the council or designee assign portions of revenue sources or ending fund balance, which are not determined to be non-spendable, restricted or committed by formal written notice. Authority is granted to the individuals by the city council and such authority may only be established, modified or rescinded by the council.
- *Unassigned*—This is the residual classification used for those balances not assigned to another category.

The city council can commit fund balances any time before the end of the fiscal year. The commitment of

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

fund balances has to be done by formal council resolution.

The council is authorized to make assignments of ending fund balance. Assignments of fund balances can be done at any time, including after fiscal year end date.

GASB 54 requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. The council approved the following fund balance order of spending policy:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

J. Property Taxes Receivable

Property taxes assessed but not yet collected are reported on the balance sheet, but are offset by deferred revenue accounts. The city levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15 and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The city turns all tax collection duties over to Malheur County, Oregon.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collected or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable is due from property owners within the city.

K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The city maintains a policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for non-vested unpaid accumulated sick pay benefits. All vacation pay and vested sick pay benefits is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For fiscal year ended June 30, 2020 benefits are paid from the General Fund. The compensated absences liability was \$345,445 at June 30, 2020 and \$335,564 at June 30, 2019.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has three items that qualify for reporting in this category. They are the deferred amounts relating to pensions, amounts related to other post-employment benefits and prepaid expenses. This amount is deferred and recognized as an outflow of resources in the period when the City's recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions, deferred amounts related to other post-employment benefits and amounts related to debt refunding. These amounts are deferred and recognized as an inflow of resources in the period when the City's recognizes income. Deferred inflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

M. Budgets and Budgetary Accounting

An annual budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The detail budget document, however, is required to contain more specific detailed information for the above-mentioned expenditure categories. All appropriations lapse at June 30.

Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the council. The budget for the General Fund, special revenue funds, and proprietary funds includes capital outlay expenditures in each program for capital outlay applicable to that program.

The city had budget over expenditure violations for the fiscal year ending June 30, 2020 as follows:

Street Fund	Personnel Services	\$1,121
Street Fund	Material and Services	126
Street Fund	Capital Outlay	293,837
Airport Fund	Personnel Services	95
Aquatic Fund	Materials and Services	600

N. Encumbrances

The city does not use encumbrance accounting.

O. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

P. Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Q. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period.

R. 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 Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Other Post-Employment Benefits

Retirees electing to take part in any of the retirement programs will be allowed to continue the group medical, dental and/or vision insurance coverage at their own expense, subject to the terms and conditions of City County Insurance Services or its successor. The City is not paying any retirees group medical and dental insurance premiums.

Note 2. Deposits and Investments

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments.

Cash and investments are comprised of the following at June 30, 2020:

Deposits with banks	\$	1,362,955
Investments		12,423,464
Cash on hand		955
Certificates of Deposit		585,557
		\$ 14,372,931

Cash and investments are shown on the basic financial statements as:

Statement of Net Position		
Cash and investments	\$	13,543,473
Restricted cash		829,168
Statement of Fiduciary Net Position		
Cash and investments		290
		\$ 14,372,931

As of June 30, 2020, the city held the following investments and maturities:

Investment type	Fair Value	% of investment portfolio
Local Government Investment Pool	\$ 12,423,464	100.0%

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial risk assumed by the city at June 30, 2020. If bank deposits at year end are not entirely

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

insured or collateralized with securities held by the city or by its agent in the city’s name, the city must disclose the custodial credit risk (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295.

At June 30, 2020, the carrying amount of the city’s deposits was \$1,948,512 and the bank balance was \$2,317,013. Of these deposits, all were covered by federal depository insurance or were in qualified depositories. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295.018 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the Oregon state treasurer’s website. Qualifying depository banks must pledge securities with a particular value based on the banks level of capitalization. The city deposits were in compliance with requirements of ORS 295.018.

Custodial credit risk—Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The city does not have a policy for custodial credit risk for deposits.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of government entities.

Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
<i>Cash and cash equivalents</i>			
Local Government Investment Pool (LGIP)	\$ 12,423,464	50% less than 90-days, no more than 25% over one year, and no investment over three years	Unrated
<i>Total cash and cash equivalents</i>	100.00% 12,423,464		
	100.00% \$ 12,423,464		

At June 30, 2020, the city held \$12,423,464 of investments, which is all classified as cash and investments on the Statement of Net Position. The city has no formal policy for managing interest rate risk or credit risk.

The city has invested funds in the Oregon Short-term Fund Local Government Investment Pool (LGIP) during fiscal year 2019. The Local Government Investment Pool was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Local Government Investment Pool is an external investment pool managed by the State Treasurer’s office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40. Oregon LGIP is unrated for credit quality.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

In addition, the Oregon LGIP distributed investment income on an amortized cost basis and participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the city's cash position.

Investments in the Oregon LGIP are made under the provisions of ORS 194.180. These funds are held in the city's name and are not subject to collateralization requirements of ORS 295.018. Investments are stated at cost, which approximated fair value.

A separate financial report for the Oregon Short-term Fund Local Government Investment Pool is prepared by the Secretary of State Audits Division in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment Pools*. Copies of the report can be obtained from the Oregon Audits Division 255 Capitol Street NE, Suite 500 Salem, OR 97310 or online at <http://www.sos.state.or.us/audits/index.html>.

Oregon statutes restrict the types of investments in which the city may invest. Authorized investments included obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the Oregon Local Government Investment Pool. As of June 30, 2018, and for the year then ended, the city was in compliance with the aforementioned Oregon statutes.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize the city to invest primarily in general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the Oregon Local Government Investment Pool, among others. The city has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk—Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The city is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the United States Government. The city has no such investments.

Interest Rate Risk—The city's investment policy limits long-term investments to 25% of the investment portfolio using specific identification. The city defines long-term as having a maturity of greater than 18 months to a maximum of 36 months. As of June 30, 2018, all of the city's investments were classified as short-term.

Foreign Currency Risk—The city is prohibited from investments that are not US dollar-denominated; therefore, the city is not exposed to this risk.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Note 3. Accounts Receivable

The governmental funds of the city have accounts receivable as follows:

General Fund	Property taxes	\$ 204,142
General fund	Service billing less \$288,549 allowance	179,829
General Fund	Local taxes	715,770
General Fund	Other	471,877
Street Fund	Other	48,988
Street Fund	Occupancy tax	18,104
Street Fund	Service billing less \$940 allowance	30,390
Nonmajor funds	Loans	124,692
Nonmajor funds	Grants	220,489
Nonmajor funds	Occupancy tax	32,648
Nonmajor funds	Other	2,087
Reserve Fund	Service billing less \$55940 allowance	24,350
Reserve Fund	Occupancy tax	25,432
Capital Projects Fund	Local Improvement District	18,217
Capital Projects Fund	Occupancy tax	1,293
Capital Projects Fund	Other	6,545
Capital Projects Fund	Service billing less \$1,575 allowance	<u>55,228</u>
	TOTAL	<u><u>\$ 2,180,081</u></u>

The proprietary funds of the city have service billing revenues receivable as follows:

	Accounts Receivable	Allowance for Doubtful Accounts	Net Receivable
Water Fund	\$ 328,620	\$ (9,434)	\$ 319,186
Sewer Fund	488,126	(13,364)	474,762
Airport Fund	26,265	-	26,265
Nonmajor funds	9,542	(286)	9,256
TOTAL	<u><u>\$ 852,553</u></u>	<u><u>\$ (23,084)</u></u>	<u><u>\$ 829,469</u></u>

The proprietary funds of the city have other receivables as follows:

Aquatic Fund	Grants	\$ 165,232
Airport Fund	Notes receivable	4,437
	TOTAL	<u><u>\$ 169,669</u></u>

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Note 4. Schedule of Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Restatements	Additions	Deletions	Balance June 30, 2020
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,800,216	\$ -	\$ -	\$ -	\$ 1,800,216
Construction in progress	450,700	230,579	1,751,312	33,927	2,398,664
Total capital assets not being depreciated	<u>2,250,916</u>	<u>230,579</u>	<u>1,751,312</u>	<u>33,927</u>	<u>4,198,880</u>
Capital assets being depreciated					
Equipment and vehicles	5,295,882	-	559,944	168,296	5,687,530
Buildings and improvements	8,017,190	-	39,775	-	8,056,965
Infrastructure	23,749,839	-	344,075	-	24,093,914
Total capital assets being depreciated	<u>37,062,911</u>	<u>-</u>	<u>943,794</u>	<u>168,296</u>	<u>37,838,409</u>
Less accumulated depreciation for					
Equipment and vehicles	4,221,130	-	159,919	162,504	4,218,545
Buildings and improvements	4,552,822	-	193,465	-	4,746,287
Infrastructure	10,536,619	-	370,471	-	10,907,090
Total accumulated depreciation	<u>19,310,571</u>	<u>-</u>	<u>723,855</u>	<u>162,504</u>	<u>19,871,922</u>
Total capital assets being depreciated, net	17,752,340	-	219,939	5,792	17,966,487
Governmental activities capital assets, net	<u>\$ 20,003,256</u>	<u>\$ 230,579</u>	<u>\$ 1,971,251</u>	<u>\$ 39,719</u>	<u>\$ 22,165,367</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 5,615,790	\$ -	\$ -	\$ -	\$ 5,615,790
Construction in progress	185,087	-	223,961	-	409,048
Total capital assets not being depreciated	<u>5,800,877</u>	<u>-</u>	<u>223,961</u>	<u>-</u>	<u>6,024,838</u>
Capital assets being depreciated					
Equipment and vehicles	36,061,620	-	83,265	88,098	36,056,787
Buildings and improvements	36,299,732	-	24,851	-	36,324,583
Infrastructure	17,782,133	-	385,635	-	18,167,768
Total capital assets being depreciated	<u>90,143,485</u>	<u>-</u>	<u>493,751</u>	<u>88,098</u>	<u>90,549,138</u>
Less accumulated depreciation for					
Equipment and vehicles	32,842,533	-	348,983	88,098	33,103,418
Buildings and improvements	16,639,089	-	666,067	-	17,305,156
Infrastructure	3,268,875	-	412,818	-	3,681,693
Total accumulated depreciation	<u>52,750,497</u>	<u>-</u>	<u>1,427,868</u>	<u>88,098</u>	<u>54,090,267</u>
Total capital assets being depreciated, net	37,392,988	-	(934,117)	-	36,458,871
Business-type activities capital assets, net	<u>\$ 43,193,865</u>	<u>\$ -</u>	<u>\$ (710,156)</u>	<u>\$ -</u>	<u>\$ 42,483,709</u>

Depreciation expense for the year was charged to the following programs:

Governmental Activities	
General government	\$ 330,591
Highways and streets	393,264
Business-Type Activities	
Water	517,284
Sewer	550,645
Storm Sewer	106,051
Airport	253,888

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Note 5. Retirement Plans

PERS

General Information about the Pension Plan

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or

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- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current

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law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$2,678,457 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 35.17 percent for Tier One/Tier Two General Service Member, 29.58 percent for Tier One/Tier Two Police and Fire, 24.95 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for the Individual Account Program.

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

At June 30, 2020, the City reported a liability of \$13,532,643 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.07823420 percent, which was increased from its proportion of 0.07341462 percent measured as of June 30, 2019.

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For the year ended June 30, 2020, the City's recognized pension expense (income) of \$3,214,324. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 746,285	\$ -
Changes of assumptions	1,835,857	-
Net difference between projected and actual earnings on investments	-	383,637
Changes in proportion	625,484	479,712
Differences between employer contributions and proportionate share of contributions	<u>272,540</u>	<u>363,472</u>
Total (prior to post-MD contributions)	3,480,166	1,226,821
Contributions subsequent to the MD	<u>2,678,457</u>	-
 Total	 <u><u>\$ 6,158,623</u></u>	 <u><u>\$ 1,226,821</u></u>

\$2,678,457 reported as deferred outflows of resources related to pensions resulting from the city's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 1,044,602
2020	114,417
2021	471,489
2022	520,166
2023	<u>102,671</u>
Total	<u><u>\$ 2,253,345</u></u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization

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of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2017 Experience Study which reviewed experience for the four-year period ending on December 31, 2017.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the

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OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Assumed Asset Allocation	
<u>Asset Class/Strategy</u>	<u>Target</u>
Cash	0.0%
Debt Securities	20.0%
Public Equity	37.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Portfolio	12.5%
Opportunity Portfolio	0.0%
Total	<u><u>100.0%</u></u>

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u><u>100.00%</u></u>	
Assumed Inflation - Mean		2.50%

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Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is PERS’ independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 21,671,327	\$ 13,532,643	\$ 6,721,686

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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The city reported payables of legally required contributions to the pension plan in the amount of \$135,823 at June 30, 2020.

Changes in Plan Provisions During the Measurement Period.

There were no changes during the June 30, 2019 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the measurement date. Any changes to benefit terms that occur after that date are reflected in amounts reported for the subsequent measurement date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the measurement date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There were no changes subsequent to the June 30, 2019 measurement period that require disclosure.

Deferred Compensation Plan

Plan Description – The city offers employees a deferred compensation plan (the plan) sponsored by the city. The plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The plan is available to all represented and non-represented city employees, and permits them to defer a portion of their salary until future years. Contributions are made through salary deductions from participating employees up to the amounts specified in the Internal Revenue Code Section 457. No contributions are required from the city. As of June 30, 2020, 58 individuals were participating in the Internal Revenue Code Section 457 plans. Amounts deferred are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. No plan assets have been used for purposes other than the payment of benefits.

At June 30, 2020, the amount deferred and investments earnings thereon, adjusted to fair market value, amount to \$2,534,356. The plan assets are held in custodial accounts by the plan provider for the exclusive benefit of the participants or their beneficiaries. The city does not perform the investing function and has no fiduciary accountability for the plan. Therefore, plan assets and any related liability to plan participants are not reported in the city financial statements as of June 30, 2020.

Note 6. Other Postemployment Benefits (OPEB)

Post Employment Benefits Other than Pensions

The other postemployment benefits (OPEB) for the city combines two separate plans. The city provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan (RHIA).

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Financial Statement Presentation

The city’s two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB asset	\$ -	\$ 54,073	\$ 54,073
Deferred outflows of resources			
Contributions after the measurement date	2,548	1,911	4,459
Change in proportionate share	-	264	264
Changes of assumptions	10,411	-	10,411
Total OPEB liability	(336,247)	-	(336,247)
Deferred inflows of resources			
Change in proportionate share	-	(352)	(352)
Difference in experience	(27,742)	(7,131)	(34,873)
Change in assumptions	(29,234)	(56)	(29,290)
Difference in earnings	-	(3,338)	(3,338)
OPEB expense (income)	30,208	(7,304)	22,904
(Included in program expenses on statement of activities)			

Implicit Rate Subsidy Plan

Plan Description

The City’s defined benefit postemployment healthcare plan is administered by City County Insurance Services (CIS), a public entity insurance trust. CIS was formed by the League of Oregon Cities and the Association of Oregon Counties to meet the risk management and employee benefit needs of Oregon cities, counties and other eligible local governments. The CIS Board of Trustees administers the CIS Trust which includes the CIS Property/Casualty Trust and the two CIS Benefits trusts: EBS (cities) and AOCIT (counties). The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. Implicit employer subsidies generally represent the increase in premiums the City must pay on behalf of its active employees as a consequence of providing access to retirees’ OPEB.

Funding Policy

The City has not established a trust fund to supplement the cost for the net OPEB obligation. Contribution requirements are negotiated between the City and union representatives. Eligible members receiving postemployment benefits are responsible for all their healthcare premiums.

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Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
receiving benefits	1
Active employees	<u>40</u>
	<u>41</u>

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The city’s total OPEB liability of \$336,247 was measured as of July 1, 2018, and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2020, the city recognized OPEB expense from this plan of \$30,208. At June 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience differences	\$ -	\$ 27,742
Changes of assumptions	<u>10,411</u>	<u>29,234</u>
Total (prior to post-MD contributions)	<u>10,411</u>	<u>56,976</u>
Contributions made subsequent to measurement date	<u>2,548</u>	<u>-</u>
Total	<u>\$ 12,959</u>	<u>\$ 56,976</u>

Deferred outflows of resources related to OPEB of \$2,548 resulting from the city’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ (5,583)
2022	(5,583)
2023	(5,583)
2024	(5,583)
2025	(5,583)
Thereafter	<u>(18,650)</u>
Total	<u>\$ (46,565)</u>

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.87 percent, based on a 20-year general obligation bond yield index published
Projected Salary Increases	3.5 percent
Election and Lapse Rates	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Healthcare Cost Trend Rate	Medical and vision: 2018-6.75%, 2019-7% and between 4.75% and 6% for the subsequent 40+ years. Dental 4.5%.
Mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 296,808
Changes for the year:	
Service cost	23,542
Interest on total OPEB liability	12,249
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	11,403
Benefit payments	<u>(7,755)</u>
Balance as of June 30, 2020	<u>\$ 336,247</u>

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

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Discount Rate

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 369,506	\$ 336,247	\$ 305,524

Healthcare cost trend

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 292,200	\$ 336,247	\$ 388,249

PERS Retirement Health Insurance Account

Plan Description

The city contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at http://Oregon.gov/PERS/section/financial_reports/financials.shtml.

Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The city's contribution rates for the period were 0.06% for Tier One/Tier Two members, and 0.00% for OPSRP members. The city's total for the year ended June 30,

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2020 contributions was \$1,911.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the city reported an asset of \$54,073 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The city's proportion of the net OPEB asset was based on the city's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the city's proportionate share was 0.02798296%, which is a decrease from its proportion of 0.02846378%, as of June 30, 2019.

For the year ended June 30, 2020, the city recognized OPEB income from this plan of \$7,304. At June 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,131
Changes of assumptions	-	56
Net difference between projected and actual earnings	-	3,338
Changes in proportionate share	264	352
Total (prior to post-MD contributions)	264	10,877
Contributions subsequent to the measurement date	1,911	-
Total	\$ 2,175	\$ 10,877

Deferred outflows of resources related to OPEB of \$1,911 resulting from the city's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	
June 30,	
2021	\$ (5,599)
2022	(4,754)
2023	(604)
2024	344
Total	\$ (10,613)

Actuarial Methods and Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

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Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Investment Rate of Return	7.2 percent
Discount Rate	7.2 percent
Salary Increases	3.5 percent
Cost of Living Adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 disabled retirees, sex-distinct, generational with Unises, Social Security Data Scale.</p>

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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Assumed Asset Allocation	
<u>Asset Class/Strategy</u>	<u>Target</u>
Cash	0.0%
Debt Securities	20.0%
Public Equity	37.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Portfolio	12.5%
Opportunity Portfolio	<u>0.0%</u>
Total	<u><u>100.0%</u></u>

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	<u>1.88%</u>	3.84%
Total	<u><u>100.00%</u></u>	
Assumed Inflation - Mean		2.50%

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Discount Rate

The discount rate used to measure the total OPEB liability was 7.20% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Net OPEB Liability (Asset)	\$ (41,921)	\$ (54,073)	\$ (64,428)

OPEB Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2019 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2019 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

Note 7. Post-Retirement Benefits

In addition to providing pension benefits, the city provides certain benefits for retired city employees. The city allows a city service credit for retired supervisors having 15 years or more employment with the city. This credit is a maximum of \$300 per year until the retiree death. The credit may be used only for city services to include; use of the city’s aquatic center, health insurance and city utilities. No carry forward from year to year is allowed.

For the year ended June 30, 2020, there were 13 active participants. The total cost of \$3,900 in retiree benefits are current year expenditures and were charged to the fund for which the participant was employed.

Note 8. Operating Leases

The city’s future minimum lease commitments pertaining to the operating lease of copy machines with Toshiba, and an operating lease of a postage machine with Pitney Bowes are accounted for as operating leases in accordance with Statement of Financial Accounting Standards No. 13, at June 30, 2020 are as follows:

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	Pitney Bowes	Toshiba Copier Lease	Total
2021	\$ 3,813	\$ 20,663	\$ 24,476
2022	1,907	15,620	17,527
2023	-	330	330
2024	-	330	330
TOTAL	\$ 5,720	\$ 36,943	\$ 42,663

Note 9. Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2020 is as follows:

Description	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020	Due within one year
GOVERNMENTAL ACTIVITIES					
US Bank--LID 44 and 45	\$ 27,688	\$ -	\$ 27,688	\$ -	\$ -
Sweeper lease	61,025	-	61,025	-	-
BUSINESS-TYPE ACTIVITIES					
WTP Upgrade OECDD	2,601,398	-	146,972	2,454,426	153,084
OECDD-Wastewater System Improvements	2,567,199	-	121,179	2,446,020	127,132
Total Long-term Debt	\$ 5,257,310	\$ -	\$ 356,864	\$ 4,900,446	\$ 280,216

Governmental Activities

US Bank Special Assessment Debt

The city issued \$830,650 of special assessment debt to provide funding for local improvement districts previously funded by the city. These bonds bear interest rates of 4.75%, payable first from collections of assessment liens receivable and second, if necessary, from general property taxes. Payments are made from the Debt Service Fund. Final payment was made in September 2019.

Mountain West Bank Street Sweeper Capital Lease

The city entered into a lease purchase agreement with Mountain West Bank in April of 2016 to purchase a 2016 Elgin Eagle 4M Street Sweeper for \$298,850. Interest is computed at 2.85% payable in five installments with the first installment due April 18, 2016. Payments are made from the Street Fund. The final payment was made in April 2020

Business-Type Activities

Water Treatment Plant Upgrade Oregon Economic Community Development Department

The city converted water treatment facility improvements interim-financing from the Oregon Economic and Community Development Department (OECDD) to a promissory note in the amount of \$4,482,580 on May 1, 2007. The city has pledged its full faith and credit and the net operating revenues of the water system to repay the note.

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The city refinanced the loan on April 10, 2018 with OECDD with interest rates from 4% to 5%. The final payment will remain at the same on December 1, 2031. The loan amount remaining was reduced by \$294,158 to reflect the premium paid by the purchaser of the State Bonds in exchange for a higher nominal interest rate. This will be amortized over the remaining life of the loan.

Fiscal Year Ending June 30,	Principal	Interest	Remaining Balance	Interest Rate	Amortization of Premium
			\$ 2,601,398		
2021	\$ 153,084	\$ 119,890	2,448,314	5.0%	(21,011)
2022	164,264	112,460	2,284,050	5.0%	(21,011)
2023	170,507	104,466	2,113,543	5.0%	(21,011)
2024	181,804	96,170	1,931,739	5.0%	(21,011)
2025	188,172	87,302	1,743,567	5.0%	(21,011)
2026-2030	1,088,940	288,680	654,627	5.0%	(105,056)
2031-2031	507,655	37,543	146,972	5.0%	(42,024)
	<u>\$ 2,454,426</u>	<u>\$ 846,511</u>			<u>\$ (252,135)</u>

Wastewater System Improvements - Oregon Economic and Community Development Department

The city converted sewer treatment facilities improvements interim-financing from the Oregon Economic and Community Development Department (OECDD) to a promissory note in the amount of \$3,976,600 on May 27, 2009. The city has pledged its full faith and credit and the net operating revenues of the sewer system to repay the note.

The city refinanced the loan on April 10, 2018 with OECDD with interest rates from 4% to 5%. The final payment will remain at the same on December 1, 2033. The loan amount remaining was reduced by \$278,900 to reflect the premium paid by the purchaser of the State Bonds in exchange for a higher nominal interest rate. This will be amortized over the remaining life of the loan.

Fiscal Year Ending June 30,	Principal	Interest	Balance	Interest Rate	Amortization of Premium
			\$ 2,567,199		
2021	\$ 127,132	\$ 121,348	2,440,067	5.0%	\$ (17,431)
2022	128,018	115,212	2,312,049	5.0%	(17,431)
2023	139,169	108,811	2,172,880	5.0%	(17,431)
2024	145,377	101,853	2,027,503	5.0%	(17,431)
2025	151,392	94,838	1,876,111	5.0%	(17,431)
2026-2030	883,420	352,231	992,691	5.0%	(87,155)
2031-2034	871,512	110,909	121,179	5.0%	(69,728)
	<u>\$ 2,446,020</u>	<u>\$ 1,005,202</u>			<u>\$ (244,038)</u>

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Note 10. Interfund Receivables and Payables

The interfund receivable and payables to be paid within the next fiscal year at June 30, 2020 consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor gov't	\$ 196,190
General Fund	Nonmajor enterprise	111,658
	TOTAL	\$ 307,848

The purpose of the interfund receivable and payable balances is to account for expenses paid by the receivable fund for the payable fund, or revenue received in the payable fund that should be accounted for in the receivable fund.

Note 11. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Governmental Funds			Proprietary Funds		
Transfers in	Transfer from	Amount	Transfers in	Transfer from	Amount
Street Fund	General Fund	\$ 304,636			
Reserve Fund	General Fund	607,691			
	Water Fund	460,950			
	Sewer Fund	256,085			
	Nonmajor prop	15,365			
	Airport Fund	885			
	Nonmajor gov't	4,896			
	Reserve Fund	1,649			
Capital Projects Fund	Reserve Fund	100,000			
Nonmajor governmental	Reserve Fund	9,131			
	Nonmajor prop	800			
Total transfers in for governmental funds		\$ 1,762,088	Total transfers in for proprietary funds		\$ -
Transfers out	Transfer to		Transfers out	Transfer to	
General Fund	Reserve Fund	\$ (607,691)	Nonmajor prop	Reserve Fund	\$ (15,365)
	Street fund	(304,636)		Water Fund	Reserve Fund
					(460,950)
Reserve Fund	Nonmajor gov't	(9,131)	Sewer Fund	Reserve Fund	(256,085)
	Capital Projects Fund	(100,000)			
	Reserve Fund	(1,649)			
Nonmajor governmental	Reserve Fund	(4,896)	Airport Fund	Nonmajor gov't	(800)
				Reserve Fund	(885)
Total transfers out for governmental funds		(1,028,003)	Total transfers out for proprietary funds		(734,085)
Total transfers for governmental funds		\$ 734,085	Total transfers for proprietary funds		\$ (734,085)

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. These transfers represent budgeted expectations.

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Note 12. Risk Management

The city is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the city carries commercial insurance. The city does not engage in risk financing activities where the risk is retained (self-insurance).

The City of Ontario is a member of the City County Insurance Services (CCIS) trust. This trust was established in 1981, by the League of Oregon Cities (LOC) and the Association of Oregon Counties (AOC) to provide risk management services including insurance and loss control to member entities. The city participates for property and liability insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government and the state of Oregon. Any disallowed claims, including amount already collected, may constitute a liability to the city. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although city management expects such amounts, if any, to be immaterial.

Note 14. Accounting Changes and Restatements

A correction of governmental activities capital assets caused a restatement of net position as follows:

<u>Recalculation of Net Position</u>	<u>Governmental Activities</u>
Net position at July 1, 2019, as previously reported	\$ 20,828,240
Capital asset restatement	<u>230,579</u>
Net position at July 1, 2019, as restated	<u>\$ 21,058,819</u>

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Note 15. Fund Balance Classifications

Below is a schedule of ending fund balances, based on GASB Statement No. 54 requirements:

Fund Balances	General Fund	Street Fund	Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total
<u>Nonspendable</u>						
Interfund Receivables	\$ 307,848	\$ -	\$ -	\$ -	\$ -	\$ 307,848
Prepaid expenses	121,280	-	-	-	-	121,280
	<u>429,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,128</u>
<u>Restricted</u>						
System development charges	-	-	-	-	447,942	447,942
Street projects	-	58,562	-	-	-	58,562
Grants	-	-	-	-	1,210	1,210
Debt Service	-	-	-	-	-	-
Building inspection	-	-	-	-	292,238	292,238
	<u>-</u>	<u>58,562</u>	<u>-</u>	<u>-</u>	<u>741,390</u>	<u>799,952</u>
<u>Committed to</u>						
Capital Projects	-	-	1,873,097	3,040,489	-	4,913,586
Funds held for other departments	-	-	-	-	386,042	386,042
Revolving loan fund program	-	-	-	-	436,667	436,667
	<u>-</u>	<u>-</u>	<u>1,873,097</u>	<u>3,040,489</u>	<u>822,709</u>	<u>5,736,295</u>
<u>Unassigned</u>	<u>2,653,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,653,081</u>
TOTAL FUND BALANCES	<u>\$ 3,082,209</u>	<u>\$ 58,562</u>	<u>\$ 1,873,097</u>	<u>\$ 3,040,489</u>	<u>\$ 1,564,099</u>	<u>\$ 9,618,456</u>

GASB 54 requires city council approved action to authorize commitments of fund balances. These commitments, outlined in the table above, were approved by the city council on April 21, 2020. Commitments of fund balances must be made prior to the end of the fiscal year.

Note 16. Tax Abatements

The City of Ontario enters into property tax abatement agreements with businesses in an Enterprise Zone and with qualified Food Processor businesses.

In exchange for investing in an Enterprise Zone, businesses receive exemption from local property taxes on new plan and equipment for at least three year (but up to five years) in the standard program. In addition, many zones can offer special incentives for investments in qualifying rural facilities or in electronic commerce.

The Food Processor Exemption offers property tax exemptions on qualified real and personal property machinery and equipment that is certified by Oregon Department of Agriculture. This exemption is a five-year exemption as long as the machinery and equipment remains qualified.

For the fiscal year ended June 30, 2020, The City of Ontario allocation of property tax abatements from the Enterprise Zone amounted to \$41,507 and from the Food Processor Exemption amounted to \$319,839.

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Note 17. Subsequent Events

On March 11, 2020, the World Health Organization declared a world-wide pandemic related to COVID-19. The virus is causing significant upheaval in the United States and most countries in the world. Supply chains are disrupted and most citizens in the U.S. are under some sort of stay at home order. As of the date of the report, the City's revenue had not been significantly impacted by the virus, however, it is unknown if the pandemic will cause future impacts on revenues and operations.

On January 21, 2021 the City received \$55,500 from Beer Valley to settle the outstanding Economic Development Loan. The principal currently owed is \$56,232.42.

Note 18. New Accounting Pronouncements and Accounting Standards

During the fiscal year ended June 30, 2020, the city implemented the following GASB Pronouncements:

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. Issued in May of 2020, the primary objective of this statement is to provide relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later. Accordingly, the city did not implement any new pronouncements this fiscal year.

The GASB has issued several statements which have not yet been implemented by the city. The statements which may have a future impact on the city are as follows:

GASB Statement No. 84, Fiduciary Activities. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the City, fiscal year ending June 30, 2021.

GASB Statement No. 87, Leases. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the city for fiscal year ending June 30, 2022.

GASB Statement No. 90, Majority Equity Interests. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the city for fiscal year ending June 30, 2021.

GASB Statement No. 91, Conduit Debt Obligations. Issued May 2019, the primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the city for fiscal year ending June 30, 2023.

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GASB Statement No. 92, Omnibus 2020. Issued January 2020, the primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statements. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, postemployment benefits (pensions and other post-employment benefits [OPEB]), asset retirement obligations, risk pool and fair value measurements. GASB Statement No. 92 will be effective for the city in fiscal years ending June 30, 2022 (for paragraphs 6 and 7) and June 30, 2023 (paragraphs 8, 9 and 12). In additions, paragraph 10 will be effective for government acquisitions occurring in reporting periods ending in fiscal year June 30, 2022.

GASB Statement No. 93, Replacement of Interbank Offered Rates. Issued March 2020, the primary objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. GASB statement No. 93 will be effective for the City for fiscal year ending June 30, 2022.

GASB Statement No. 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements. Issued March 2020, the primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB Statement No. 94 will be effective for the city for fiscal year ending June 30, 2023.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). Issued May 2020, the primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscriptions asset - an intangible assets - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA, GASB Statement No. 96 will be effective for the city for fiscal year ending June 30, 2023.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of the fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component unit in fiduciary fund financial statement; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB No. 97 will be effective for the city for the fiscal year ending June 30, 2022. Paragraphs 4 and 5 of the Statement and effective immediately, however, the city has determined that it has no component units that meet the definitions of these paragraphs.

The city will implement new GASB pronouncements no later than the required effective date. The city is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact on the city's financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Property taxes	\$ 3,683,265	\$ 3,683,265	\$ 3,743,588	\$ 60,323
Other taxes	750,000	970,000	1,822,248	852,248
Franchise fees	1,638,121	1,638,121	1,593,781	(44,340)
Licenses and permits	151,170	151,170	37,419	(113,751)
Intergovernmental	682,901	682,901	630,391	(52,510)
Charges for services	337,183	337,183	351,072	13,889
Fines and forfeits	3,250	3,250	74,052	70,802
Miscellaneous	37,150	39,975	66,518	26,543
Interest on investments	65,700	65,700	58,571	(7,129)
Administrative	497,148	497,148	497,148	-
Total revenues	<u>7,845,888</u>	<u>8,068,713</u>	<u>8,874,788</u>	<u>806,075</u>
Expenditures				
Personnel services	5,361,739	5,582,939	5,447,593	135,346
Materials and services	1,658,839	1,695,264	1,526,625	168,639
Capital outlay	213,622	241,731	137,696	104,035
Contingency	282,930	258,930	-	258,930
Total expenditures	<u>7,556,216</u>	<u>7,779,041</u>	<u>7,111,914</u>	<u>667,127</u>
Excess of revenues over (under) expenditures	289,672	289,672	1,762,874	1,473,202
Other financing sources (uses)				
Transfers out	<u>(912,327)</u>	<u>(912,327)</u>	<u>(912,327)</u>	<u>-</u>
Net change in fund balance	(622,655)	(622,655)	850,547	1,473,202
Fund balance, July 1	<u>2,122,655</u>	<u>2,122,655</u>	<u>2,231,662</u>	<u>109,007</u>
Fund balance, June 30	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 3,082,209</u>	<u>\$ 1,582,209</u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STREET FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,618,261	\$ 1,718,261	\$ 2,018,158	\$ 299,897
Interest on investments	300	300	444	144
Charges for services	360,410	360,410	369,731	9,321
Other taxes	210,000	210,000	203,176	(6,824)
Administrative	460,687	460,687	460,687	-
Miscellaneous	1,500	1,500	1,318	(182)
Total revenues	<u>2,651,158</u>	<u>2,751,158</u>	<u>3,053,514</u>	<u>302,356</u>
Expenditures				
Personnel services	-	-	1,121	(1,121)
Materials and services	1,765,730	1,765,730	1,765,856	(126)
Capital outlay	1,602,638	1,702,638	1,996,475	(293,837)
Debt service	63,176	63,176	62,633	543
Total expenditures	<u>3,431,544</u>	<u>3,531,544</u>	<u>3,826,085</u>	<u>(294,541)</u>
Excess of revenues over (under) expenditures	(780,386)	(780,386)	(772,571)	7,815
Other financing sources (uses)				
Transfers in	304,636	304,636	304,636	-
Net change in fund balance	(475,750)	(475,750)	(467,935)	7,815
Fund balance, July 1	475,750	475,750	526,497	50,747
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,562</u>	<u>\$ 58,562</u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RESERVE FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 208,550	\$ 208,550	\$ 7,846	\$ (200,704)
Miscellaneous	10,000	10,000	10,244	244
Charges for service	137,200	137,200	182,634	45,434
Other taxes	210,000	210,000	203,176	(6,824)
Interest on investments	1,500	1,500	883	(617)
Total revenues	567,250	567,250	404,783	(162,467)
Expenditures				
Personnel services	125,707	125,707	125,707	-
Materials and services	1,326,152	1,341,152	1,226,588	114,564
Capital outlay	961,864	1,181,186	677,367	503,819
Contingency	1,588,415	1,354,093	-	1,354,093
Total expenditures	4,002,138	4,002,138	2,029,662	1,972,476
Excess of revenues over (under) expenditures	(3,434,888)	(3,434,888)	(1,624,879)	1,810,009
Other financing sources (uses)				
Transfers in	1,347,521	1,347,521	1,347,521	-
Transfers out	(123,175)	(123,175)	(110,780)	12,395
Capital asset sales	-	-	5,220	5,220
Total other sources (uses)	1,224,346	1,224,346	1,241,961	17,615
Net change in fund balance	(2,210,542)	(2,210,542)	(382,918)	1,827,624
Fund balance, July 1	2,210,542	2,210,542	2,256,015	45,473
Fund balance, June 30	\$ -	\$ -	\$ 1,873,097	\$ 1,873,097

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 22,500	\$ 22,500	\$ 23,678	\$ 1,178
Miscellaneous	5,000	15,000	15,968	968
Utilities capitalization charges	514,912	514,912	554,792	39,880
Total revenues	<u>542,412</u>	<u>552,412</u>	<u>594,438</u>	<u>42,026</u>
Expenditures				
Materials and services	2,000	2,000	-	2,000
Capital outlay	898,704	1,027,204	335,380	691,824
Contingency	2,304,198	2,185,698	-	2,185,698
Total expenditures	<u>3,204,902</u>	<u>3,214,902</u>	<u>335,380</u>	<u>2,879,522</u>
Excess of revenues over (under) expenditures	(2,662,490)	(2,662,490)	259,058	2,921,548
Other financing sources (uses)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(2,562,490)	(2,562,490)	359,058	2,921,548
Fund balance, July 1	<u>2,562,490</u>	<u>2,562,490</u>	<u>2,681,431</u>	<u>118,941</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,040,489</u>	<u>\$ 3,040,489</u>

CITY OF ONTARIO, OREGON
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years*

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.07823420%	\$ 13,532,643	\$ 3,165,990	427.44%	80.20%
2019	0.07341462%	11,121,348	3,028,180	367.26%	82.10%
2018	0.07724391%	10,412,508	2,873,938	362.31%	83.10%
2017	0.07264070%	10,905,056	2,878,700	378.82%	80.50%
2016	0.08706674%	4,998,903	2,795,527	178.82%	91.90%
2015	0.08950110%	(2,028,735)	4,561,292	-44.48%	103.60%
2014	0.08706674%	673,613	4,563,227	14.76%	91.97%

SCHEDULE OF CITY CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 960,741	\$ 2,678,457	\$ (1,717,716)	\$ 3,355,421	79.82%
2019	732,326	1,664,266	(931,940)	3,165,990	52.57%
2018	708,453	708,453	-	3,028,180	23.40%
2017	538,316	538,316	-	2,873,938	18.73%
2016	577,012	577,012	-	2,878,700	20.04%
2015	733,439	733,439	-	2,795,527	26.24%
2014	764,158	764,158	-	4,561,292	16.75%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF ONTARIO, OREGON
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
 Last 10 Fiscal Years*

PERS RETIREE HEALTH INSURANCE ACCOUNT

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Year Ended June 30,	(a) City's proportion of the collective net OPEB liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.02798296%	\$ (54,073)	\$ 3,165,990	-1.71%	144.40%
2019	0.02846378%	(31,773)	3,028,180	-1.05%	124.00%
2018	0.02661897%	(11,109)	2,873,938	-0.39%	34.30%
2017	0.03032020%	8,234	2,878,700	0.29%	21.90%

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Year Ended June 30,	(a) Actuarially required contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 1,911	\$ 1,911	-	\$ 3,355,421	0.06%
2019	13,869	13,869	-	3,165,990	0.44%
2018	13,782	13,782	-	3,028,180	0.46%
2017	13,252	13,252	-	2,873,938	0.46%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF ONTARIO, OREGON
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS
 Last 10 Fiscal Years*

IMPLICIT LIABILITY HEALTH INSURANCE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability (asset) Beginning	Service Cost	Interest	Changes to benefit terms	Economic/ Demographic Gains or Losses	Changes in assumptions	Benefit payments	Total OPEB Liability End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2020	\$ 296,808	\$ 23,542	\$ 12,249	\$ -	\$ -	\$ 11,403	\$ (7,755)	\$ 336,247	\$ 3,327,887	10.10%
2019	324,623	23,219	12,224	-	(33,582)	(16,794)	(12,882)	296,808	3,127,725	9.49%
2018	330,185	24,819	9,859	-	-	(21,945)	(18,295)	324,623	2,705,463	12.00%

SCHEDULE OF CITY'S CONTRIBUTIONS

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 2,548	\$ 2,548	\$ -	\$ 3,127,725	0.08%
2019	7,755	7,755	-	2,705,463	0.29%
2018	12,882	12,882	-	2,872,765	0.45%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF ONTARIO, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended
June 30, 2020

BUDGETARY REPORTING

An annual budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the state of Oregon's local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires a hearing before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the city council. Budget appropriations lapse at June 30. Encumbrance accounting is not utilized in the preparation of budgeted funds.

The budgets include capital outlay expenditures in each program for capital outlay applicable to that program.

During the year ended June 30, 2020 there was one budget violation in a major special revenue fund. It is as follows:

Street Fund	Street Maintenance	\$295,084
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OREGON PUBLIC RETIREMENT SYSTEM INFORMATION

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

CITY OF ONTARIO, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended
June 30, 2020

OTHER POST EMPLOYMENT BENEFITS

Changes of Benefit Terms

There were no changes of benefit terms.

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include the lowering of the long-term expected rate of return was to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue Funds		
	Marijunana Enforcement Fund	Grant Fund	Building Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and investments	\$ -	\$ -	\$ 311,829
Accounts receivable			
Other taxes	-	-	-
Loans	-	-	-
Other	-	220,489	431
Restricted cash			
Cash held in trust	-	-	-
System development charges	-	-	-
Total assets	<u>-</u>	<u>220,489</u>	<u>312,260</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ -</u>	<u>\$ 220,489</u>	<u>\$ 312,260</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 23,089	\$ 20,022
Interfund payable	-	196,190	-
Deposits held in trust	-	-	-
Total liabilities	<u>-</u>	<u>219,279</u>	<u>20,022</u>
Deferred inflows of resources			
Unavailable economic development loans	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Spendable			
Restricted	-	1,210	292,238
Committed	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>1,210</u>	<u>292,238</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 220,489</u>	<u>\$ 312,260</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total June 30, 2020
Trust Fund	Revolving Loan Fund		SDC Fund	
\$ 398,280	\$ 436,667	\$ -	\$ -	\$ 1,146,776
32,648	-	-	-	32,648
-	124,692	-	-	124,692
1,656	-	-	-	222,576
246,663	-	-	-	246,663
-	-	-	447,942	447,942
<u>679,247</u>	<u>561,359</u>	<u>-</u>	<u>447,942</u>	<u>2,221,297</u>
-	-	-	-	-
<u>\$ 679,247</u>	<u>\$ 561,359</u>	<u>\$ -</u>	<u>\$ 447,942</u>	<u>\$ 2,221,297</u>
\$ 46,542	\$ -	\$ -	\$ -	\$ 89,653
-	-	-	-	196,190
<u>246,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,663</u>
<u>293,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>532,506</u>
-	124,692	-	-	124,692
-	-	-	447,942	741,390
<u>386,042</u>	<u>436,667</u>	<u>-</u>	<u>-</u>	<u>822,709</u>
<u>386,042</u>	<u>436,667</u>	<u>-</u>	<u>447,942</u>	<u>1,564,099</u>
<u>\$ 679,247</u>	<u>\$ 561,359</u>	<u>\$ -</u>	<u>\$ 447,942</u>	<u>\$ 2,221,297</u>

CITY OF ONTARIO, OREGON
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES**
NONMAJOR FUNDS
 For the Year Ended
 June 30, 2020

	Special Revenue Funds		
	Marijuana		Building
	Enforcement Fund	Grant Fund	Fund
Revenues			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	49,255	459,750	-
Charges for services	-	-	-
Licenses and permits	-	-	237,181
Miscellaneous			
Miscellaneous	-	300	-
Interest on investments	-	-	-
System development charges	-	-	-
Total revenues	<u>49,255</u>	<u>460,050</u>	<u>237,181</u>
Expenditures			
<i>Current</i>			
Personnel services	46,310	-	143,843
Materials and services	-	-	28,721
Capital outlay	-	466,527	-
<i>Debt service</i>			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>46,310</u>	<u>466,527</u>	<u>172,564</u>
Excess of revenues over (under) expenditures	2,945	(6,477)	64,617
Other financing sources (uses)			
Operating transfers in	-	800	-
Operating transfers out	<u>(2,945)</u>	<u>-</u>	<u>(1,951)</u>
Total other financing sources (uses)	<u>(2,945)</u>	<u>800</u>	<u>(1,951)</u>
Net change in fund balances	-	(5,677)	62,666
Fund balances, July 1	<u>-</u>	<u>6,887</u>	<u>229,572</u>
Fund balances, June 30	<u>\$ -</u>	<u>\$ 1,210</u>	<u>\$ 292,238</u>

Special Revenue Funds			Capital Projects Fund	Total June 30, 2020
Trust Fund	Revolving Loan Fund	Debt Service Fund	SDC Fund	
\$ 367,180	\$ -	\$ -	\$ -	\$ 367,180
-	-	-	-	509,005
15,850	-	-	-	15,850
-	-	-	-	237,181
-	-	-	-	300
412	750	-	-	1,162
-	-	-	83,402	83,402
<u>383,442</u>	<u>750</u>	<u>-</u>	<u>83,402</u>	<u>1,214,080</u>
-	-	-	-	190,153
368,280	74,553	-	-	471,554
-	-	-	10,676	477,203
-	-	27,688	-	27,688
-	-	255	-	255
<u>368,280</u>	<u>74,553</u>	<u>27,943</u>	<u>10,676</u>	<u>1,166,853</u>
15,162	(73,803)	(27,943)	72,726	47,227
-	-	9,131	-	9,931
-	-	-	-	(4,896)
-	-	9,131	-	5,035
<u>15,162</u>	<u>(73,803)</u>	<u>(18,812)</u>	<u>72,726</u>	<u>52,262</u>
<u>370,880</u>	<u>510,470</u>	<u>18,812</u>	<u>375,216</u>	<u>1,511,837</u>
<u>\$ 386,042</u>	<u>\$ 436,667</u>	<u>\$ -</u>	<u>\$ 447,942</u>	<u>\$ 1,564,099</u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MARIJUANA ENFORCEMENT FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 49,255	\$ (200,745)
Expenditures				
Personnel services	237,055	237,055	46,310	190,745
Materials and services	10,000	10,000	-	10,000
Total expenditures	247,055	247,055	46,310	200,745
Excess of revenues over (under) expenditures	2,945	2,945	2,945	-
Other financing sources (uses)				
Transfers out	(2,945)	(2,945)	(2,945)	-
Net change in fund balance	-	-	-	-
Fund balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 720,573	\$ 724,567	\$ 459,750	\$ (264,817)
Miscellaneous	-	-	300	300
Total revenues	<u>720,573</u>	<u>724,567</u>	<u>460,050</u>	<u>(264,517)</u>
Expenditures				
Capital outlay	<u>721,373</u>	<u>725,367</u>	<u>466,527</u>	<u>258,840</u>
Excess of revenues over (under) expenditures	(800)	(800)	(6,477)	(5,677)
Other financing sources (uses)				
Transfers in	<u>800</u>	<u>800</u>	<u>800</u>	<u>-</u>
Net change in fund balance	-	-	(5,677)	(5,677)
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>6,887</u>	<u>6,887</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,210</u></u>	<u><u>\$ 1,210</u></u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Licenses and permits	\$ 125,000	\$ 138,800	\$ 237,181	\$ 98,381
Expenditures				
Personnel services	156,145	156,145	143,843	12,302
Materials and services	31,373	45,173	28,721	16,452
Contingency	29,278	29,278	-	29,278
Total expenditures	216,796	230,596	172,564	58,032
Excess of revenues over (under) expenditures	(91,796)	(91,796)	64,617	156,413
Other financing sources (uses)				
Transfers out	(1,951)	(1,951)	(1,951)	-
Net change in fund balance	(93,747)	(93,747)	62,666	156,413
Fund balance, July 1	93,747	93,747	229,572	135,825
Fund balance, June 30	\$ -	\$ -	\$ 292,238	\$ 292,238

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRUST FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Other taxes	\$ 410,000	\$ 410,000	\$ 367,180	\$ (42,820)
Charges for services	7,500	7,500	15,850	8,350
Interest on investments	395	395	412	17
Total revenues	<u>417,895</u>	<u>417,895</u>	<u>383,442</u>	<u>(34,453)</u>
Expenditures				
Materials and services	<u>633,756</u>	<u>633,756</u>	<u>368,280</u>	<u>265,476</u>
Net change in fund balance	(215,861)	(215,861)	15,162	231,023
Fund balance, July 1	<u>379,833</u>	<u>379,833</u>	<u>370,880</u>	<u>(8,953)</u>
Fund balance, June 30	<u><u>\$ 163,972</u></u>	<u><u>\$ 163,972</u></u>	<u><u>\$ 386,042</u></u>	<u><u>\$ 222,070</u></u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - REVOLVING LOAN FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Actual</u>	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Interest on investments	\$ -	\$ -	\$ 750	\$ 750
Loan repayments	4,000	4,000	-	(4,000)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>750</u>	<u>(3,250)</u>
Expenditures				
Materials and services	<u>494,022</u>	<u>494,022</u>	<u>74,553</u>	<u>419,469</u>
Net change in fund balance	(490,022)	(490,022)	(73,803)	416,219
Fund balance, July 1	490,022	490,022	510,470	20,448
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436,667</u>	<u>\$ 436,667</u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Debt service	<u>29,027</u>	<u>29,027</u>	<u>27,943</u>	<u>1,084</u>
Excess of revenues over (under) expenditures	(29,027)	(29,027)	(27,943)	1,084
Other financing sources (uses)				
Transfer from General Fund	<u>21,526</u>	<u>21,526</u>	<u>9,131</u>	<u>(12,395)</u>
Net change in fund balance	(7,501)	(7,501)	(18,812)	(11,311)
Fund balance, July 1	<u>7,501</u>	<u>7,501</u>	<u>18,812</u>	<u>11,311</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SDC FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
System development charges	\$ 55,000	\$ 55,000	\$ 83,402	\$ 28,402
Expenditures				
Capital outlay	430,000	430,000	10,676	419,324
Net change in fund balance	(375,000)	(375,000)	72,726	447,726
Fund balance, July 1	375,000	375,000	375,216	216
Fund balance, June 30	\$ -	\$ -	\$ 447,942	\$ 447,942

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - WATER FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 2,961,311	\$ 2,961,311	\$ 3,290,396	\$ 329,085
Miscellaneous	16,000	16,000	21,399	5,399
Interest on investments	130,000	130,000	84,112	(45,888)
Total revenues	3,107,311	3,107,311	3,395,907	288,596
Expenses				
Personnel services	600	600	300	300
Materials and services	2,353,020	2,353,020	2,352,345	675
Capital outlay	537,000	548,587	245,519	303,068
Debt service	272,775	272,775	272,774	1
Contingency	888,270	876,683	-	876,683
Total expenses	4,051,665	4,051,665	2,870,938	1,180,727
 Excess of revenues over (under) expenses	 (944,354)	 (944,354)	 524,969	 1,469,323
 Other financing sources (uses)				
Transfers out	(460,950)	(460,950)	(460,950)	-
Sale of asset	-	-	12,760	12,760
Total other financing sources (uses)	(460,950)	(460,950)	(448,190)	12,760
 Net change in fund net position	 (1,405,304)	 (1,405,304)	 76,779	 1,482,083
Net position, July 1	1,405,304	1,405,304	1,747,420	342,116
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>1,824,199</u>	<u>\$ 1,824,199</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	13,263,072
Inventory	13,571
Accrued interest	(69,936)
Long-term obligations	(2,454,426)
Debt refunding deferred inflows	<u>(252,135)</u>
 Net position, ending	 <u>\$ 12,324,345</u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - SEWER FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 3,498,410	\$ 3,498,410	\$ 3,910,101	\$ 411,691
Miscellaneous	5,000	5,000	-	(5,000)
Interest on investments	130,000	130,000	113,947	(16,053)
Total revenues	3,633,410	3,633,410	4,024,048	390,638
Expenses				
Personnel services	600	600	600	-
Materials and services	2,388,669	2,418,790	2,312,634	106,156
Capital outlay	180,000	308,334	179,855	128,479
Debt service	247,480	247,480	247,480	-
Contingency	3,446,569	3,288,114	-	3,288,114
Total expenses	6,263,318	6,263,318	2,740,569	3,522,749
 Excess of revenues over (under) expenses	 (2,629,908)	 (2,629,908)	 1,283,479	 3,913,387
Other financing sources (uses)				
Transfers out	(256,085)	(256,085)	(256,085)	-
Sale of capital asset	-	-	14,760	14,760
Total other financing sources (uses)	(256,085)	(256,085)	(241,325)	14,760
 Net change in fund net position	 (2,885,993)	 (2,885,993)	 1,042,154	 3,928,147
Net position, July 1	2,885,993	2,885,993	3,073,241	187,248
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>4,115,395</u>	<u>\$ 4,115,395</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	17,379,176
Accrued interest	(70,786)
Long-term obligations	(2,446,020)
Debt refunding deferred inflows	<u>(244,038)</u>
 Net position, ending	 <u>\$ 18,733,727</u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - AIRPORT FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 88,549	\$ 88,549	\$ 93,736	\$ 5,187
Miscellaneous	1,700	1,700	500	(1,200)
Interest on investments	100	100	478	378
Total revenues	<u>90,349</u>	<u>90,349</u>	<u>94,714</u>	<u>4,365</u>
Expenses				
Personnel services	53,358	53,358	53,453	(95)
Materials and services	61,834	61,834	44,798	17,036
Total expenses	<u>115,192</u>	<u>115,192</u>	<u>98,251</u>	<u>16,941</u>
Excess of revenues over (under) expenses	(24,843)	(24,843)	(3,537)	21,306
Other financing sources (uses)				
Transfers out	(1,685)	(1,685)	(1,685)	-
Net change in fund net position	(26,528)	(26,528)	(5,222)	21,306
Net position, July 1	26,528	26,528	42,253	15,725
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	37,031	<u>\$ 37,031</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	8,873,992
OPEB asset	617
OPEB deferred inflows	(124)
OPEB deferred outflows	25
Net pension liability	(154,348)
Pension deferred inflows	(13,993)
Pension deferred outflows	70,243
Deferred revenues	<u>4,437</u>
Net position, ending	<u>\$ 8,817,880</u>

CITY OF ONTARIO, OREGON
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

June 30, 2020

	Storm Sewer Fund	Aquatic Fund	Total June 30, 2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and pooled investments	\$ 429,229	\$ -	\$ 429,229
Receivables			
Customer accounts, net allowance	9,256	-	9,256
Other	-	165,232	165,232
Capital assets not being depreciated	8,009	825,920	833,929
Capital assets being depreciated (net of accumulated depreciation)	2,133,540	-	2,133,540
Total assets	2,580,034	991,152	3,571,186
Deferred outflows of resources			
	-	-	-
Total assets and deferred outflows	\$ 2,580,034	\$ 991,152	\$ 3,571,186
Liabilities			
Accounts payable	\$ 27,809	\$ -	\$ 27,809
Due to other funds	-	111,658	111,658
Total liabilities	27,809	111,658	139,467
Deferred inflows of resources			
	-	-	-
Net position			
Net investment in capital assets	2,141,549	825,920	2,967,469
Unrestricted	410,676	53,574	464,250
Total net position	2,552,225	879,494	3,431,719
Total liabilities, deferred inflows and net position	\$ 2,580,034	\$ 991,152	\$ 3,571,186

CITY OF ONTARIO, OREGON
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND NET POSITION**
NONMAJOR PROPRIETARY FUNDS
 For the Year Ended
 June 30, 2020

	Storm Sewer Fund	Aquatic Fund	Total June 30, 2020
Operating revenues			
Charges for services	\$ 110,339	\$ -	\$ 110,339
Miscellaneous	8,494	-	8,494
Total operating revenues	<u>118,833</u>	<u>-</u>	<u>118,833</u>
Operating expenses			
Contract services	82,174	-	82,174
Depreciation	106,051	-	106,051
Insurance	2,281	-	2,281
Miscellaneous expense	313	600	913
Supplies - general	141	-	141
Utilities	14	-	14
Fees	7,915	-	7,915
Administrative	3,822	-	3,822
Total operating expenditures	<u>202,711</u>	<u>600</u>	<u>203,311</u>
Net income from operations	(83,878)	(600)	(84,478)
Non operating income (expenses)			
Interest earned on investments	3,433	-	3,433
Sale of assets	480	-	480
Total non operating income (expenses)	<u>3,913</u>	<u>-</u>	<u>3,913</u>
Net income	(79,965)	(600)	(80,565)
Other items			
Transfers out	(15,365)	-	(15,365)
Total other items	<u>(15,365)</u>	<u>-</u>	<u>(15,365)</u>
Change in net position	(95,330)	(600)	(95,930)
Net position, July 1	2,647,555	880,094	3,527,649
Net position, June 30	<u>\$ 2,552,225</u>	<u>\$ 879,494</u>	<u>\$ 3,431,719</u>

CITY OF ONTARIO, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended
June 30, 2020

	Enterprise Funds		
	Storm Sewer Fund	Aquatic Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 110,289	\$ -	\$ 110,289
Cash payment to suppliers for goods and services	(69,068)	(2,139)	(71,207)
Other operating revenues	8,494	90,115	98,609
Net cash provided by operating activities	<u>49,715</u>	<u>87,976</u>	<u>137,691</u>
Cash flows from noncapital financing activities			
Operating transfers-out to other funds	(15,365)	-	(15,365)
Interfund loans	-	(84,176)	(84,176)
Net cash provided by noncapital financing activities	<u>(15,365)</u>	<u>(84,176)</u>	<u>(99,541)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(78,428)	(3,800)	(82,228)
Sale of capital assets	480	-	480
Net cash used for capital and related financing activities	<u>(77,948)</u>	<u>(3,800)</u>	<u>(81,748)</u>
Cash flows from investing activities			
Interest and dividends on investments	3,433	-	3,433
Net cash provided (used) in investing activities	<u>3,433</u>	<u>-</u>	<u>3,433</u>
Net increase (decrease) in cash and cash equivalents	(40,165)	-	(40,165)
Cash and cash equivalents at beginning of year	469,394	-	469,394
Cash and cash equivalents at end of year	<u>\$ 429,229</u>	<u>\$ -</u>	<u>\$ 429,229</u>
Reconciliation of operating income to net cash provided by operating activities			
Net Income	\$ (83,878)	\$ (600)	\$ (84,478)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation expense	106,051	-	106,051
(Increase) decrease in accounts receivable	(50)	90,115	90,065
Increase (decrease) in accounts payable	27,592	(1,539)	26,053
Total adjustments	<u>133,593</u>	<u>88,576</u>	<u>222,169</u>
Net cash provided (used) by operating activities	<u>\$ 49,715</u>	<u>\$ 87,976</u>	<u>\$ 137,691</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position			
Current assets			
Cash and investments	<u>\$ 429,229</u>	<u>\$ -</u>	<u>\$ 429,229</u>
Non cash capital financing transactions			
Capital contributions from (to) other funds	\$ -	\$ -	\$ -

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - STORM SEWER FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 106,300	\$ 106,300	\$ 119,312	\$ 13,012
Interest on investments	4,000	4,000	3,433	(567)
Total revenues	<u>110,300</u>	<u>110,300</u>	<u>122,745</u>	<u>12,445</u>
Expenses				
Personnel services	25	25	-	25
Materials and services	96,266	96,686	96,659	27
Capital outlay	80,000	94,000	78,428	15,572
Contingency	368,883	354,463	-	354,463
Total expenses	<u>545,174</u>	<u>545,174</u>	<u>175,087</u>	<u>370,087</u>
Excess of revenues over (under) expenses	<u>(434,874)</u>	<u>(434,874)</u>	<u>(52,342)</u>	<u>382,532</u>
Other financing sources (uses)				
Transfers out	<u>(15,365)</u>	<u>(15,365)</u>	<u>(15,365)</u>	-
Total other financing sources (uses)	<u>(15,365)</u>	<u>(15,365)</u>	<u>(15,365)</u>	-
Change in fund net position	(450,239)	(450,239)	(67,707)	382,532
Net position, July 1	450,261	450,261	478,383	28,122
Net position, June 30	<u>\$ 22</u>	<u>\$ 22</u>	410,676	<u>\$ 410,654</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	<u>2,141,549</u>
Net position, ending	<u>\$ 2,552,225</u>

CITY OF ONTARIO, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - AQUATIC FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2020

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Grants and donations	\$ -	\$ 58,027	\$ -	\$ (58,027)
Expenses				
Materials and services	-	-	600	(600)
Capital outlay	-	116,000	3,800	112,200
Total expenses	-	116,000	4,400	111,600
Net change in fund net position	-	(57,973)	(4,400)	53,573
Net position, July 1	-	57,973	57,974	1
Net position, June 30	\$ -	\$ -	53,574	\$ 53,574

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	825,920
Net position, ending	\$ 879,494

CITY OF ONTARIO, OREGON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended
June 30, 2020

<i>Recreation Board</i>	Balance			Balance
	June 30, 2019	Additions	Deductions	June 30, 2020
ASSETS				
Cash and investments	\$ 290	\$ -	\$ -	\$ 290
LIABILITIES				
Held in trust for other governments	290	-	-	290
Total liabilities	\$ 290	\$ -	\$ -	\$ 290

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OTHER FINANCIAL SCHEDULES

CITY OF ONTARIO, OREGON
SUMMARY SCHEDULE OF CASH, CASH ITEMS AND INVESTMENTS
 June 30, 2020

Intermountain Community Bank	
Demand accounts	\$ 1,362,955
Certificates of Deposit	585,557
Oregon State Treasury Local Government Investment Pool **	12,423,464
Cash on hand	955
Total cash and investments on books	\$ 14,372,931

SCHEDULE OF COLLATERAL SECURITY

Intermountain Community Bank *	
Federal Deposit Insurance Corporation	\$ 250,000
Total Intermountain Community Bank	\$ 250,000

*Qualified depository for public funds per ORS 295.

**Oregon LGIP is fully collateralized by the state of Oregon.

**INDEPENDENT AUDITORS'
REPORT REQUIRED BY OREGON
STATE REGULATIONS**

Independent Auditors' Report on Compliance and Internal Control Required by Oregon State Regulations

We have audited the basic financial statements of the City of Ontario as of and for the year ended June 30, 2020, and have issued our report thereon dated February 26, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitation, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads and streets (ORS Chapter 294, 368 & 373).**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

The independent elected officials of City of Ontario, Oregon, do not collect or receive money and are, therefore, not subject to the requirements of OAR 162-10-140.

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

1. The City did not comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2020, as follows:

Fund	Over Expenditure
Street fund- Personnel Services	\$1,121
Street fund- Materials and Services	126
Street fund- Capital Outlay	293,837
Airport fund- Personnel services	95
Aquatic fund- Materials and Services	600

OAR 162-10-0230 Internal Control

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 considerations of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Purpose of this Report

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Chelsea A. Hewitt
Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
February 26, 2021