

CITY OF ONTARIO, OREGON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



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CITY OF ONTARIO, OREGON

JUNE 30, 2021

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INTRODUCTORY SECTION

CITY OF ONTARIO, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2021

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
CITY COUNCIL		
Riley Hill	Ontario	Mayor
Ken Hart	Ontario	Council President
Sam Baker	Ontario	Councilor
Eddie Melendrez	Ontario	Councilor
Freddy Rodriguez	Ontario	Councilor
Michael Braden	Ontario	Councilor
John Kirby	Ontario	Councilor
OFFICIALS		
Adam Brown	Ontario	City Manager
Peter Hall	Ontario	Assistant City Manager/Human Resources
Tori Barnett	Ontario	City Recorder
Steven Romero	Ontario	Chief of Police
Terry Leighton	Ontario	Fire Chief
Dan Cummings	Ontario	Community Development Director
Al Cablay	Ontario	Public Works Director (Jacobs)
Kari Ott	Ontario	Finance Director (Oster Professional Group)

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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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 estimated 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, 2021, 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.

Emphasis of Matter Regarding New Accounting Policy

As discussed in Note 1 to the financial statements, in the fiscal year ending June 30, 2021, the City adopted new accounting guidance, GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 and OPEB 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 and OPEB 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021 on our consideration of City of Ontario, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ontario, Oregon's internal control over financial reporting and on compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 23, 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
December 23, 2021

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



CITY OF ONTARIO, OREGON
Management's Discussion & Analysis
June 30, 2021

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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, 2021. 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, 2021 by \$25,264,107 (net position).
- ❖ At June 30, 2021, the General Fund total fund balance was \$5,628,481

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 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



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Management's Discussion & Analysis
June 30, 2021

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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 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.



CITY OF ONTARIO, OREGON
Management's Discussion & Analysis
June 30, 2021

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- ❖ *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 a custodial 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).

Table 1. Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Current and other assets	\$ 15,656,487	\$ 10,978,849	\$ 7,381,039	\$ 6,762,004	\$ 23,037,526	\$ 17,740,853
Capital assets	22,135,258	22,165,367	42,247,594	42,483,709	64,382,852	64,649,076
Total assets	<u>37,791,745</u>	<u>33,144,216</u>	<u>49,628,633</u>	<u>49,245,713</u>	<u>87,420,378</u>	<u>82,389,929</u>
Deferred outflows of resources	<u>6,021,159</u>	<u>6,103,489</u>	<u>49,652</u>	<u>70,268</u>	<u>6,070,811</u>	<u>6,173,757</u>
Current liabilities	1,690,767	997,732	1,021,100	443,226	2,711,867	1,440,958
Noncurrent liabilities						
Due within one year	56,780	46,199	293,791	280,216	350,571	326,415
Due in more than one year	14,671,548	14,013,788	4,444,534	4,774,578	19,116,082	18,788,366
Total liabilities	<u>16,419,095</u>	<u>15,057,719</u>	<u>5,759,425</u>	<u>5,498,020</u>	<u>22,178,520</u>	<u>20,555,739</u>
Deferred inflow of resources	<u>2,129,702</u>	<u>1,280,557</u>	<u>474,902</u>	<u>510,290</u>	<u>2,604,604</u>	<u>1,790,847</u>
Net investment in capital assets	22,135,258	22,165,367	37,627,364	37,583,263	59,762,622	59,748,630
Restricted net position	1,396,025	799,952	-	-	1,396,025	799,952
Unrestricted net position	1,732,824	(55,890)	5,816,594	5,724,408	7,549,418	5,668,518
Total net position	<u>\$ 25,264,107</u>	<u>\$ 22,909,429</u>	<u>\$ 43,443,958</u>	<u>\$ 43,307,671</u>	<u>\$ 68,708,065</u>	<u>\$ 66,217,100</u>



CITY OF ONTARIO, OREGON
Management's Discussion & Analysis
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Governmental Activities

The city's net position from governmental activities increased by 10% from \$22,909,429 to \$25,264,107. This increase of \$2,354,678 comes from a current year increase of \$2,354,678 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 \$4,677,638 which is mostly due to a \$3,499,075 increase of cash and receivables.
- ❖ Capital assets had a net decrease of \$30,109; depreciation is more than asset additions.
- ❖ Current liabilities increased by \$693,035 made up mostly of an increase in accounts payable.
- ❖ Long term liabilities increased by \$668,341 due to increases in net pension liability and OPEB liability.
- ❖ Unrestricted net position increased by \$1,788,714 mostly due to an increase in revenues.

Business-Type Activities

The city's net position from business-type activities increased by .3% from \$43,307,671 to \$43,443,958. This increase of \$136,287 comes from the current year change in net position as recorded in the Statement of Activities.

- ❖ Current and other assets increased by \$619,035 largely due a \$751,114 increase in cash and investments.
- ❖ Capital assets decreased by \$236,115 largely due to higher depreciation than new projects.
- ❖ Current liabilities increased by \$577,874 made up mostly of an increase in accounts payable.
- ❖ Long term liabilities decreased by \$316,469 due to principal payments on the existing debt with no new debt in the current year.
- ❖ Unrestricted net position increased by \$92,186 mainly due to conservative spending and saving for some large upcoming projects.



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Management's Discussion & Analysis
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Table 2. Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues						
Program revenues						
Charges for services	\$ 3,675,531	\$ 3,270,886	\$ 7,219,279	\$ 7,432,509	\$ 10,894,810	\$ 10,703,395
Operating contributions	2,087,756	1,850,614	36,060	-	2,123,816	1,850,614
Capital contributions	1,459,126	1,376,292	257,887	-	1,717,013	1,376,292
General revenues:						
Property taxes	3,883,077	3,721,710	-	-	3,883,077	3,721,710
Local taxes and fees	5,306,212	3,650,276	-	-	5,306,212	3,650,276
Unrestricted grants	151,904	136,990	-	-	151,904	136,990
Investment income	24,346	59,873	85,299	201,970	109,645	261,843
Miscellaneous	100,310	64,736	-	-	100,310	64,736
Total revenues	16,688,262	14,131,377	7,598,525	7,634,479	24,286,787	21,765,856
Expenses						
Governmental Activities						
General government	3,757,233	4,095,659	-	-	3,757,233	4,095,659
Highways and streets	2,491,843	2,272,975	-	-	2,491,843	2,272,975
Public works	49,882	18,172	-	-	49,882	18,172
Public safety	7,192,653	6,076,340	-	-	7,192,653	6,076,340
Parks and recreation	173,324	145,397	-	-	173,324	145,397
Interest on debt	-	1,050	-	-	-	1,050
Business-Type Activities						
Water	-	-	3,020,483	3,155,660	3,020,483	3,155,660
Sewer	-	-	4,529,396	3,002,898	4,529,396	3,002,898
Storm sewer	-	-	205,088	202,711	205,088	202,711
Airport	-	-	394,017	350,148	394,017	350,148
Aquatic	-	-	-	600	-	600
Total Expenses	13,664,935	12,609,593	8,148,984	6,712,017	21,813,919	19,321,610
Capital asset transfers	(726,136)	(427,537)	726,136	427,537	-	-
Gain (loss) on sale of asset	12,097	22,278	6,000	28,000	18,097	50,278
Transfers in (out)	45,390	734,085	(45,390)	(734,085)	-	-
Increase in net position	2,354,678	1,850,610	136,287	643,914	2,490,965	2,494,524
Net position - beginning	22,909,429	20,828,240	43,307,671	42,663,757	66,217,100	63,491,997
Restatements	-	230,579	-	-	-	230,579
Net position - as restated	22,909,429	21,058,819	43,307,671	42,663,757	66,217,100	63,722,576
Net position, ending	\$ 25,264,107	\$ 22,909,429	\$ 43,443,958	\$ 43,307,671	\$ 68,708,065	\$ 66,217,100



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Governmental Activities

The city's total revenues from governmental activities increased from the prior fiscal year by \$2,556,885 (18%) and the total cost of all governmental programs and services increased by \$1,055,342 (8%). The increases in revenues mainly came from the new local marijuana tax and COVID grants. The increases in expenses were primarily from changes in the Net Pension Liability and COVID expenditures.

Business-Type Activities

The city's business-type activities revenues decreased \$35,954 (1%) from the prior fiscal year and the total costs of the business-type activities increased \$1,436,967 (3.7%). The total business-type revenues decreased because of the interest decrease. The expenses increased mainly due to the increase in contract with Jacobs and the sewer biosolids removal project.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end, the city's governmental funds reported combined fund balances of \$13,660,932 which is an increase of \$4,042,476 (42%) from the prior fiscal year.

- ❖ The General Fund had a net increase of \$2,546,272. This increase came from new local marijuana tax revenues, COVID grants and projects that were carried over to next year.
- ❖ The Capital Projects fund increased by \$590,167 due to no large projects in the Utility Capitalization Fee department and transfers to set aside funds for equipment.
- ❖ Building Fund increased by \$277,040 since there were a high number of building permits issued.
- ❖ The Reserve fund increased by \$422,064 mostly due to setting aside funds for trails.

At year-end, the city's proprietary funds reported combined net position of \$43,443,958 for enterprise funds. This is a combined increase in net position of \$136,287. This is mostly due to airport grants improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The city is continuing to operate on an annual budget.

Expenditures

Overall, expenditure appropriations (excluding transfers) were \$8,715,258 and total expenditures were \$7,657,310. This shows that 88% of the appropriated budget was expended in the fiscal year ended June 30, 2021.

Revenues

124% of the budgeted revenues for the 2020-2021 budget was received.



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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the city shows \$64,382,852 of capital assets, net of depreciation, this is a decrease of \$269,224 from the prior year. The city has \$22,135,258 of capital assets in governmental activities and \$42,247,594 in business-type activities. The governmental activities reflect that the downtown ADA compliance project, purchased some equipment, worked on a street, trail and sidewalk project. The business-type activities had water & sewer line replacement project, purchased equipment, finished skate park restroom and had improvements at the airport.

Debt

The city had a total of \$4,620,230 in long-term debt at June 30, 2021; this is a decrease of \$280,216. 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.

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 and the balance of project expenditures. The city is continuing to project to receive \$3 million dollars annually 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.

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BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

CITY OF ONTARIO, OREGON
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 11,301,879	\$ 6,491,783	\$ 17,793,662
Receivables			
Property tax	193,835	-	193,835
Other taxes	1,059,217	-	1,059,217
Customer accounts receivable	153,473	766,006	919,479
Accounts	1,618,023	-	1,618,023
Street assessments	15,072	-	15,072
Loans	68,460	-	68,460
Notes	-	1,828	1,828
Due from other funds	-	-	-
Accrued interest receivable	9,366	-	9,366
Restricted cash			
System development charges	736,314	-	736,314
Customer deposits	-	107,403	107,403
Held in evidence fund	14,897	-	14,897
Deposits held in trust	246,663	-	246,663
Debt service	-	-	-
Prepaid expenses	185,209	-	185,209
Net OPEB asset	54,079	448	54,527
Chemicals	-	13,571	13,571
Capital assets not being depreciated	3,939,631	6,741,854	10,681,485
Capital assets being depreciated (net of accumulated depreciation)	18,195,627	35,505,740	53,701,367
Total assets	<u>37,791,745</u>	<u>49,628,633</u>	<u>87,420,378</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	39,804	155	39,959
Deferred outflows related to PERS	5,981,355	49,497	6,030,852
Total deferred outflows	<u>6,021,159</u>	<u>49,652</u>	<u>6,070,811</u>
LIABILITIES			
Accounts payable	1,004,505	763,064	1,767,569
Accrued liabilities	198,812	-	198,812
Accrued interest payable	-	132,809	132,809
Customer deposits	67,500	108,403	175,903
Unearned rent income	-	16,824	16,824
Held in evidence fund	14,897	-	14,897
Deposits held in trust	405,053	-	405,053
Long-term liabilities			
Portion due or payable within one year			
Current portion of note payable	-	292,282	292,282
Current portion of compensated absences	56,780	1,509	58,289
Portion due or payable after one year			
Note payable	-	4,327,948	4,327,948
Compensated absences	343,146	-	343,146
Net pension liability	13,968,401	115,591	14,083,992
Net OPEB liability	360,001	995	360,996
Total liabilities	<u>16,419,095</u>	<u>5,759,425</u>	<u>22,178,520</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	90,374	296	90,670
Deferred inflows related to PERS	2,039,328	16,876	2,056,204
Unearned grant income	-	-	-
Debt refunding	-	457,730	457,730
Total deferred inflows	<u>2,129,702</u>	<u>474,902</u>	<u>2,604,604</u>
NET POSITION			
Net investment in capital assets	22,135,258	37,627,364	59,762,622
Restricted for			
Street projects	18,509	-	18,509
System development	801,798	-	801,798
Building inspection	569,278	-	569,278
Grants	6,440	-	6,440
Unrestricted	1,732,824	5,816,594	7,549,418
Total net position	<u>\$ 25,264,107</u>	<u>\$ 43,443,958</u>	<u>\$ 68,708,065</u>

CITY OF ONTARIO, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2021

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 3,757,233	\$ 1,502,369	\$ 770,447	22,000	\$ (1,462,417)	\$ -	\$ (1,462,417)
Highways and streets	2,491,843	861,918	1,025,058	584,115	(20,752)	-	(20,752)
Public works	49,882	674,449	-	51,480	676,047	-	676,047
Public safety	7,192,653	520,225	242,251	-	(6,430,177)	-	(6,430,177)
Parks and recreation	173,324	116,570	50,000	148,393	141,639	-	141,639
Airport	-	-	-	653,138	653,138	-	653,138
Total governmental activities	<u>13,664,935</u>	<u>3,675,531</u>	<u>2,087,756</u>	<u>1,459,126</u>	<u>(6,442,522)</u>	<u>-</u>	<u>(6,442,522)</u>
Business-Type activities							
Water	3,020,483	3,416,201	-	-	-	395,718	395,718
Sewer	4,529,396	3,596,764	-	282	-	(932,350)	(932,350)
Storm sewer	205,088	109,756	-	-	-	(95,332)	(95,332)
Airport	394,017	96,558	36,060	200,000	-	(61,399)	(61,399)
Aquatic	-	-	-	57,605	-	57,605	57,605
Total business type activities	<u>8,148,984</u>	<u>7,219,279</u>	<u>36,060</u>	<u>257,887</u>	<u>-</u>	<u>(635,758)</u>	<u>(635,758)</u>
Total primary government	<u>\$ 21,813,919</u>	<u>\$ 10,894,810</u>	<u>\$ 2,123,816</u>	<u>\$ 1,717,013</u>	<u>(6,442,522)</u>	<u>(635,758)</u>	<u>(7,078,280)</u>
General revenues							
Property and other city tax levied for:							
General purposes					3,883,077	-	3,883,077
Local taxes and fees					5,306,212	-	5,306,212
Grants and contributions not restricted							
to specific purpose					151,904	-	151,904
Unrestricted investments earnings					24,346	85,299	109,645
Miscellaneous					100,310	-	100,310
Total general revenues					<u>9,465,849</u>	<u>85,299</u>	<u>9,551,148</u>
Capital asset transfers					(726,136)	726,136	-
Transfers					45,390	(45,390)	-
Gain (loss) on sale of asset					12,097	6,000	18,097
Changes in net position					2,354,678	136,287	2,490,965
Net position, July 1, 2020					22,909,429	43,307,671	66,217,100
Net position, June 30, 2020					<u>\$ 25,264,107</u>	<u>\$ 43,443,958</u>	<u>\$ 68,708,065</u>

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FUND FINANCIAL STATEMENTS

CITY OF ONTARIO, OREGON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Street Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total June 30, 2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets						
Cash and investments	\$ 3,931,893	\$ 230,136	\$ -	\$ 3,608,768	\$ 3,531,082	\$ 11,301,879
Receivables						
Property taxes	193,835	-	-	-	-	193,835
Other taxes	885,032	40,682	-	-	133,503	1,059,217
Customer accounts, net allowance	18,286	30,390	-	56,765	48,032	153,473
Loans	-	-	-	-	68,460	68,460
Special assessments	-	-	-	15,072	-	15,072
Other	803,413	96,840	613,229	-	104,541	1,618,023
Due from other funds	379,486	-	-	-	-	379,486
Prepaid expenses	185,209	-	-	-	-	185,209
Restricted cash						
Cash held in trust	-	-	-	-	246,663	246,663
Held in evidence fund	14,897	-	-	-	-	14,897
System development charges	-	-	-	-	736,314	736,314
Total assets	<u>6,412,051</u>	<u>398,048</u>	<u>613,229</u>	<u>3,680,605</u>	<u>4,868,595</u>	<u>15,972,528</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 6,412,051</u>	<u>\$ 398,048</u>	<u>\$ 613,229</u>	<u>\$ 3,680,605</u>	<u>\$ 4,868,595</u>	<u>\$ 15,972,528</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Current liabilities						
Accounts payable	\$ 186,141	\$ 379,539	\$ 248,406	\$ 34,901	\$ 155,518	\$ 1,004,505
Payroll liabilities	198,807	-	-	-	5	198,812
Due to other funds	-	-	379,486	-	-	379,486
Held by evidence fund	14,897	-	-	-	-	14,897
Held in trust	158,390	-	-	-	246,663	405,053
Customer deposits	67,500	-	-	-	-	67,500
Total current liabilities	<u>625,735</u>	<u>379,539</u>	<u>627,892</u>	<u>34,901</u>	<u>402,186</u>	<u>2,070,253</u>
Deferred inflows of resources						
Unavailable property tax revenues	157,835	-	-	-	-	157,835
Unavailable special assessment revenues	-	-	-	15,048	-	15,048
Unavailable economic development loans	-	-	-	-	68,460	68,460
Total deferred inflows	<u>157,835</u>	<u>-</u>	<u>-</u>	<u>15,048</u>	<u>68,460</u>	<u>241,343</u>
Fund balances						
Nonspendable	564,695	-	-	-	-	564,695
Spendable						
Restricted	-	18,509	-	-	1,377,516	1,396,025
Committed	-	-	-	3,630,656	3,020,433	6,651,089
Unassigned	5,063,786	-	(14,663)	-	-	5,049,123
Total fund balances	<u>5,628,481</u>	<u>18,509</u>	<u>(14,663)</u>	<u>3,630,656</u>	<u>4,397,949</u>	<u>13,660,932</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,412,051</u>	<u>\$ 398,048</u>	<u>\$ 613,229</u>	<u>\$ 3,680,605</u>	<u>\$ 4,868,595</u>	<u>\$ 15,972,528</u>

CITY OF ONTARIO, OREGON
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT TO NET POSITION
June 30, 2021

TOTAL FUND BALANCES \$ 13,660,932

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	\$ 42,740,094	
Accumulated depreciation	<u>(20,604,836)</u>	22,135,258

Compensated absences are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements. (399,926)

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. 241,343

Accrued interest receivable not received in the current year is not reported as governmental fund assets. 9,366

Net OPEB asset is not a financial resource and, therefore, not reported in the governmental funds. 54,079

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	(13,968,401)	
Net OPEB liability	<u>(360,001)</u>	(14,328,402)

Current year PERS contributions are deferred outflows of resources that will be a recognized expense in the subsequent period. 5,981,355

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. (2,039,328)

Current year OPEB contributions are deferred outflows of resources that will be a recognized expense in the subsequent period. 39,804

City's OPEB changes in assumptions or inputs will be amortized over future years. (90,374)

TOTAL NET POSITION \$ 25,264,107

CITY OF ONTARIO, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended
June 30, 2021

	General Fund	Street Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total June 30, 2021
Revenues						
Taxes						
Property taxes	\$ 3,883,116	\$ -	\$ -	\$ -	\$ 8,353	\$ 3,891,469
Other taxes	3,014,105	244,796	-	-	686,240	3,945,141
Intergovernmental revenues	1,087,907	1,291,808	981,625	-	229,385	3,590,725
Charges for services	287,052	373,344	-	29,079	233,963	923,438
Licenses and permits	75,226	-	-	-	465,616	540,842
Fines and forfeits	110,893	-	-	-	-	110,893
Miscellaneous						
Franchise fees	1,565,987	-	-	-	-	1,565,987
Miscellaneous revenues	61,369	1,420	-	4,306	61,537	128,632
Interest on investments	23,446	159	-	-	1,107	24,712
System development charges	-	-	-	-	360,281	360,281
Utilities capitalization charges	-	-	-	551,676	-	551,676
Administration	497,148	488,574	-	-	-	985,722
Total revenues	<u>10,656,249</u>	<u>2,400,101</u>	<u>981,625</u>	<u>585,061</u>	<u>2,123,722</u>	<u>16,746,758</u>
Expenditures						
Current						
General government	1,907,533	-	-	-	1,145,969	3,053,502
Highways and streets	-	1,789,100	-	-	-	1,789,100
Public safety	5,449,518	-	-	-	175,516	5,625,034
Parks and recreation	122,674	-	-	-	-	122,674
Capital outlay	177,585	778,420	997,498	129,174	88,782	2,171,459
Total expenditures	<u>7,657,310</u>	<u>2,567,520</u>	<u>997,498</u>	<u>129,174</u>	<u>1,410,267</u>	<u>12,761,769</u>
Excess of revenues over (under) expenditures	2,998,939	(167,419)	(15,873)	455,887	713,455	3,984,989
Other financing sources (uses)						
Operating transfers in	10,000	127,366	-	134,280	305,033	576,679
Operating transfers out	(462,667)	-	-	-	(68,622)	(531,289)
Capital asset sales	-	-	-	-	12,097	12,097
Total other sources (uses)	<u>(452,667)</u>	<u>127,366</u>	<u>-</u>	<u>134,280</u>	<u>248,508</u>	<u>57,487</u>
Net change in fund balances	2,546,272	(40,053)	(15,873)	590,167	961,963	4,042,476
Fund balances, July 1	<u>3,082,209</u>	<u>58,562</u>	<u>1,210</u>	<u>3,040,489</u>	<u>3,435,986</u>	<u>9,618,456</u>
Fund balances, June 30	<u>\$ 5,628,481</u>	<u>\$ 18,509</u>	<u>\$ (14,663)</u>	<u>\$ 3,630,656</u>	<u>\$ 4,397,949</u>	<u>\$ 13,660,932</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, 2021

NET CHANGE IN FUND BALANCES \$ 4,042,476

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	\$ 743,140	
Less current year depreciation	<u>(773,249)</u>	(30,109)

Interest on loans receivable is not accrued in the governmental funds but is recorded as revenue when received.

Accrued interest receivable		9,297
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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.

(67,793)

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		(54,481)
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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.

(1,523,631)

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.

(21,081)

CHANGE IN NET POSITION

\$ 2,354,678

CITY OF ONTARIO, OREGON
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Enterprise Funds				Total June 30, 2021	Internal Service Fund
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds		
ASSETS						
Current assets						
Cash and investments	\$ 2,415,363	\$ 3,392,656	\$ 284,563	\$ 399,201	\$ 6,491,783	\$ -
Receivables						
Customer accounts receivable, net allowance for doubtful accounts	344,214	385,351	27,702	8,739	766,006	-
Notes receivable	-	-	1,828	-	1,828	-
Restricted cash						
Customer deposits	12,103	-	-	-	12,103	95,300
Long-term assets						
Net OPEB asset	-	-	448	-	448	-
Inventories	13,571	-	-	-	13,571	-
Capital assets, net of accumulated depreciation	12,876,958	17,053,385	9,317,179	3,000,072	42,247,594	-
Total assets	15,662,209	20,831,392	9,631,720	3,408,012	49,533,333	95,300
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to PERS	-	-	49,497	-	49,497	-
Deferred outflows related to OPEB	-	-	155	-	155	-
Total deferred outflows	-	-	49,652	-	49,652	-
LIABILITIES						
Current liabilities						
Accounts payable	368,523	355,252	23,678	15,611	763,064	-
Accrued compensated absences	-	-	1,509	-	1,509	-
Accrued interest	65,602	67,207	-	-	132,809	-
Deposit liability	12,103	-	1,000	-	13,103	95,300
Unearned rent income	-	-	16,824	-	16,824	-
Current portion of non-current liabilities	164,264	128,018	-	-	292,282	-
Total current liabilities	610,492	550,477	43,011	15,611	1,219,591	95,300
Non-current liabilities						
Notes payable	2,137,078	2,190,870	-	-	4,327,948	-
Net pension liability	-	-	115,591	-	115,591	-
Net OPEB liability	-	-	995	-	995	-
Total liabilities	2,747,570	2,741,347	159,597	15,611	5,664,125	95,300
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to PERS	-	-	16,876	-	16,876	-
Deferred inflows related to OPEB	-	-	296	-	296	-
Debt refunding	231,124	226,606	-	-	457,730	-
Total deferred inflows	231,124	226,606	17,172	-	474,902	-
NET POSITION						
Net investment in capital assets	10,575,616	14,734,497	9,317,179	3,000,072	37,627,364	-
Unrestricted net position	2,107,899	3,128,942	187,424	392,329	5,816,594	-
Total net position	\$ 12,683,515	\$ 17,863,439	\$ 9,504,603	\$ 3,392,401	\$ 43,443,958	\$ -

CITY OF ONTARIO, OREGON
**RECONCILIATION OF ENTERPRISE FUNDS STATEMENT OF FUND NET POSITION
 TO THE STATEMENT OF NET POSITION**
 June 30, 2021

TOTAL ENTERPRISE FUNDS NET POSITION	\$43,443,958
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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	\$	95,300	
Deposit liability		<u>(95,300)</u>	-

TOTAL NET POSITION	<u><u>\$43,443,958</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, 2021

	105	110	Enterprise Funds			025
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds	Total June 30, 2021	Internal Service Fund
Operating revenues						
Operating grants	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000	\$ -
Consumer receipts	3,414,376	3,563,632	96,358	109,756	7,184,122	-
Miscellaneous	1,825	33,132	6,260	-	41,217	-
Total operating revenues	<u>3,416,201</u>	<u>3,596,764</u>	<u>132,618</u>	<u>109,756</u>	<u>7,255,339</u>	<u>-</u>
Operating expenses						
Wages and salaries	-	-	56,286	-	56,286	-
Employee benefits	441	441	3,960	18	4,860	-
Contract services	1,849,065	1,672,450	47,671	82,744	3,651,930	-
Depreciation	495,693	567,761	257,267	106,423	1,427,144	-
Insurance	70,014	70,014	2,915	2,546	145,489	-
Miscellaneous expense	30	12,132	7,888	327	20,377	-
Repairs and maintenance	-	-	2,999	-	2,999	-
Supplies - general	9,801	9,776	2,903	88	22,568	-
Supplies - petroleum	-	-	301	-	301	-
Telephone	39	41	1,281	-	1,361	-
Travel and school	-	-	251	-	251	-
Utilities	-	24,106	7,045	2	31,153	-
Projects	31,615	1,556,318	-	-	1,587,933	-
Fees	259,899	297,658	-	9,118	566,675	-
Administrative	209,341	218,361	-	3,822	431,524	-
Capital outlay	-	-	3,250	-	3,250	-
Total operating expenses	<u>2,925,938</u>	<u>4,429,058</u>	<u>394,017</u>	<u>205,088</u>	<u>7,954,101</u>	<u>-</u>
Net income from operations	490,263	(832,294)	(261,399)	(95,332)	(698,762)	-
Non operating income (expenses)						
Interest earned on investments	36,306	47,322	189	1,482	85,299	-
Interest expenses	(115,556)	(117,769)	-	-	(233,325)	-
Bond premium	21,011	17,431	-	-	38,442	-
Grants and donations	-	282	200,000	57,605	257,887	-
Sale of assets	2,000	4,000	-	-	6,000	-
Total non operating income (expenses)	<u>(56,239)</u>	<u>(48,734)</u>	<u>200,189</u>	<u>59,087</u>	<u>154,303</u>	<u>-</u>
Net income	434,024	(881,028)	(61,210)	(36,245)	(544,459)	-
Other items						
Capital contribution (distribution)	17,336	61,957	646,843	-	726,136	-
Transfers in	-	-	102,423	-	102,423	-
Transfers out	(92,190)	(51,217)	(1,333)	(3,073)	(147,813)	-
Total other items	<u>(74,854)</u>	<u>10,740</u>	<u>747,933</u>	<u>(3,073)</u>	<u>680,746</u>	<u>-</u>
Change in net position	359,170	(870,288)	686,723	(39,318)	136,287	-
Net position beginning of year	12,324,345	18,733,727	8,817,880	3,431,719	43,307,671	-
Net position end of year	<u>\$ 12,683,515</u>	<u>\$ 17,863,439</u>	<u>\$ 9,504,603</u>	<u>\$ 3,392,401</u>	<u>\$ 43,443,958</u>	<u>\$ -</u>

CITY OF ONTARIO, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended
June 30, 2021

	Enterprise Funds					
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds	Total	Internal Service Fund
Cash flows from operating activities						
Cash received from customers	\$ 3,389,348	\$ 3,653,043	\$ 97,976	\$ 110,273	\$ 7,250,640	\$ (12,264)
Cash payment to employees for services	(441)	(441)	(72,659)	(18)	(73,559)	-
Cash payment to suppliers for goods and services	(2,077,106)	(3,626,984)	(53,272)	(110,845)	(5,868,207)	-
Other operating revenues	1,825	33,132	36,260	222,837	294,054	-
Net cash provided by operating activities	<u>1,313,626</u>	<u>58,750</u>	<u>8,305</u>	<u>222,247</u>	<u>1,602,928</u>	<u>(12,264)</u>
Cash flows from noncapital financing activities						
Operating transfers-out to other funds	(92,190)	(51,217)	(1,333)	(3,073)	(147,813)	-
Operating transfers-in from funds	-	-	102,423	-	102,423	-
Interfund loans	-	-	-	(111,658)	(111,658)	-
Net cash provided by noncapital financing activities	<u>(92,190)</u>	<u>(51,217)</u>	<u>101,090</u>	<u>(114,731)</u>	<u>(157,048)</u>	<u>-</u>
Cash flows from capital and related financing activities						
Capital grants received	-	282	200,000	-	-	-
Acquisition and construction of capital assets	(92,243)	(180,013)	(53,611)	(139,026)	(464,893)	-
Interest paid on notes payable	(119,890)	(121,348)	-	-	(241,238)	-
Sale of capital assets	2,000	4,000	-	-	6,000	-
Payment on notes	(153,084)	(127,132)	-	-	(280,216)	-
Net cash used for capital and related financing activities	<u>(363,217)</u>	<u>(424,211)</u>	<u>146,389</u>	<u>(139,026)</u>	<u>(980,347)</u>	<u>-</u>
Cash flows from investing activities						
Interest and dividends on investments	36,306	47,322	189	1,482	85,299	-
Net cash provided (used) in investing activities	<u>36,306</u>	<u>47,322</u>	<u>189</u>	<u>1,482</u>	<u>85,299</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>894,525</u>	<u>(369,356)</u>	<u>255,973</u>	<u>(30,028)</u>	<u>751,114</u>	<u>(12,264)</u>
Cash and cash equivalents at beginning of year	1,532,941	3,762,012	28,590	429,229	5,752,772	107,564
Cash and cash equivalents at end of year	<u>\$ 2,427,466</u>	<u>\$ 3,392,656</u>	<u>\$ 284,563</u>	<u>\$ 399,201</u>	<u>\$ 6,503,886</u>	<u>\$ 95,300</u>
Reconciliation of operating income to net cash provided by operating activities						
Net Income	\$ 490,263	\$ (832,294)	\$ (261,399)	\$ (37,727)	\$ (641,157)	\$ -
Adjustments to reconcile net income to net cash provided (used) by operating activities:						
Depreciation expense	495,693	567,761	257,267	106,423	1,427,144	-
(Increase) decrease in accounts receivable	(25,028)	89,411	1,172	165,749	231,304	-
Increase (decrease) in accounts payable	352,698	233,872	23,232	(12,198)	597,604	-
Increase (decrease) in accrued compensated absences	-	-	1,509	-	1,509	-
Net increase (decrease) in customer deposits	-	-	-	-	-	(12,264)
Net increase (decrease) in unearned rent income	-	-	446	-	446	-
Changes in net pension liability	-	-	(38,757)	-	(38,757)	-
PERS deferred inflows	-	-	2,883	-	2,883	-
PERS deferred outflows	-	-	20,746	-	20,746	-
OPEB deferred inflows	-	-	172	-	172	-
OPEB deferred outflows	-	-	(130)	-	(130)	-
Changes in net OPEB liability/asset	-	-	1,164	-	1,164	-
Total adjustments	<u>823,363</u>	<u>891,044</u>	<u>269,704</u>	<u>259,974</u>	<u>2,244,085</u>	<u>(12,264)</u>
Net cash provided (used) by operating activities	<u>\$ 1,313,626</u>	<u>\$ 58,750</u>	<u>\$ 8,305</u>	<u>\$ 222,247</u>	<u>\$ 1,602,928</u>	<u>\$ (12,264)</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	\$ 2,415,363	\$ 3,392,656	\$ 284,563	\$ 399,201	\$ 6,491,783	\$ -
Restricted assets						
Customer deposits	12,103	-	-	-	12,103	95,300
Total cash and cash equivalents at year end	<u>\$ 2,427,466</u>	<u>\$ 3,392,656</u>	<u>\$ 284,563</u>	<u>\$ 399,201</u>	<u>\$ 6,503,886</u>	<u>\$ 95,300</u>
Non cash capital financing transactions						
Capital contributions from (to) other funds	\$ 17,336	\$ 61,957	\$ 646,843	\$ -	\$ 726,136	\$ -

CITY OF ONTARIO, OREGON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	<u>\$ 290</u>
LIABILITIES	
Held in trust for other governments	\$ 290
NET POSITION	<u>-</u>
Total liabilities and net positions	<u>\$ 290</u>

CITY OF ONTARIO, OREGON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

		Custodial Funds
Additions	\$	-
Deductions		-
Net increase (decrease) in fiduciary net position		-
Net position - beginning		-
Net position - ending	\$	-

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**NOTES TO BASIC FINANCIAL
STATEMENTS**

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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, 2021

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.

Grant Fund – The Grant Fund accounts for Grants set aside for specific purposes.

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:

Custodial Fund-The custodial 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 custodial 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.

Governmental fund financial statements are reported using the current financial resources measurement

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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, 2021

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, 2021 benefits are paid from the General Fund and a small portion from the Airport Fund. The compensated absences liability was \$401,435 at June 30, 2021 and \$345,445 at June 30, 2020.

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 two items that qualify for reporting in this category. They are the deferred amounts relating to pensions and amounts related to other post-employment benefits. 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, 2021

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 no budget over expenditure violations for the fiscal year ending June 30, 2021.

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 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.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

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. Compliance and Accountability

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with the actions taken to address such violations.

Violation: None reported as a result of audit procedures.

Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances at year end, along with the remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
Grant Fund	\$ 14,663	Expenditures exceeded expectations

Note 3. 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.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

Cash and investments are comprised of the following at June 30, 2021:

Deposits with banks	\$	2,330,627
Investments		15,981,739
Cash on hand		955
Certificates of Deposit		585,908
		\$ 18,899,229

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

Statement of Net Position		
Cash and investments	\$	17,793,662
Restricted cash		1,105,277
Statement of Fiduciary Net Position		
Cash and investments		290
		\$ 18,899,229

As of June 30, 2021, the city held the following investments and maturities:

Investment type	Fair Value	% of investment portfolio
Local Government Investment Pool	\$ 15,981,739	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, 2021. If bank deposits at year end are not entirely 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, 2021, the carrying amount of the city’s deposits was \$2,330,627 and the bank balance was \$2,335,420. 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.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

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)	\$ 15,981,739	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% 15,981,739		
	100.00% \$ 15,981,739		

At June 30, 2021, the city held \$15,981,739 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.

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, 2021, 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.

CITY OF ONTARIO, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2021, 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.

Note 4. Accounts Receivable

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

General Fund	Property taxes	\$ 193,835
General fund	Service billing	18,286
General Fund	Local taxes	885,032
General Fund	Other	803,413
Street Fund	Other	98,022
Street Fund	Occupancy tax	40,682
Street Fund	Service billing less \$903 allowance	29,208
Grant Fund	Grants	613,229
Nonmajor funds	Loans	68,460
Nonmajor funds	Service billing less \$43,948 allowance	48,032
Nonmajor funds	Occupancy tax	133,503
Nonmajor funds	Other	104,541
Capital Projects Fund	Local Improvement District	15,072
Capital Projects Fund	Other	545
Capital Projects Fund	Service billing less \$1,646 allowance	56,220
	TOTAL	<u>\$ 3,108,080</u>

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

	Accounts Receivable	Allowance for Doubtful Accounts	Net Receivable
Water Fund	\$ 354,178	\$ (9,964)	\$ 344,214
Sewer Fund	395,915	(10,564)	385,351
Airport Fund	27,702	-	27,702
Nonmajor funds	9,007	(268)	8,739
TOTAL	\$ 786,802	\$ (20,796)	\$ 766,006

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

Airport Fund	Notes receivable	\$ 1,828
	TOTAL	\$ 1,828

Note 5. Property Taxes Receivable

Property taxes receivable included in revenues are \$193,835, which are all past due and accruing interest.

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Note 6. Schedule of Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Restatements	Additions	Deletions	Balance June 30, 2021
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,800,216	\$ -	\$ -	\$ -	\$ 1,800,216
Construction in progress	2,398,664	-	339,239	598,488	2,139,415
Total capital assets not being depreciated	<u>4,198,880</u>	<u>-</u>	<u>339,239</u>	<u>598,488</u>	<u>3,939,631</u>
Capital assets being depreciated					
Equipment and vehicles	5,687,530	-	149,403	40,336	5,796,597
Buildings and improvements	8,056,965	-	25,382	-	8,082,347
Infrastructure	24,093,914	-	827,604	-	24,921,518
Total capital assets being depreciated	<u>37,838,409</u>	<u>-</u>	<u>1,002,389</u>	<u>40,336</u>	<u>38,800,462</u>
Less accumulated depreciation for					
Equipment and vehicles	4,218,545	-	175,093	40,336	4,353,302
Buildings and improvements	4,746,287	-	194,734	-	4,941,021
Infrastructure	10,907,090	-	403,422	-	11,310,512
Total accumulated depreciation	<u>19,871,922</u>	<u>-</u>	<u>773,249</u>	<u>40,336</u>	<u>20,604,835</u>
Total capital assets being depreciated, net	17,966,487	-	229,140	-	18,195,627
Governmental activities capital assets, net	<u>\$ 22,165,367</u>	<u>\$ -</u>	<u>\$ 568,379</u>	<u>\$ 598,488</u>	<u>\$ 22,135,258</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 5,615,790	\$ -	\$ -	\$ -	\$ 5,615,790
Construction in progress	409,048	-	820,648	103,632	1,126,064
Total capital assets not being depreciated	<u>6,024,838</u>	<u>-</u>	<u>820,648</u>	<u>103,632</u>	<u>6,741,854</u>
Capital assets being depreciated					
Equipment and vehicles	36,056,787	-	303,528	33,628	36,326,687
Buildings and improvements	36,324,583	-	113,953	-	36,438,536
Infrastructure	18,167,768	-	56,532	-	18,224,300
Total capital assets being depreciated	<u>90,549,138</u>	<u>-</u>	<u>474,013</u>	<u>33,628</u>	<u>90,989,523</u>
Less accumulated depreciation for					
Equipment and vehicles	33,103,418	-	374,322	33,628	33,444,112
Buildings and improvements	17,305,156	-	638,836	-	17,943,992
Infrastructure	3,681,693	-	413,986	-	4,095,679
Total accumulated depreciation	<u>54,090,267</u>	<u>-</u>	<u>1,427,144</u>	<u>33,628</u>	<u>55,483,783</u>
Total capital assets being depreciated, net	36,458,871	-	(953,131)	-	35,505,740
Business-type activities capital assets, net	<u>\$ 42,483,709</u>	<u>\$ -</u>	<u>\$ (132,483)</u>	<u>\$ 103,632</u>	<u>\$ 42,247,594</u>

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

Governmental Activities	
General government	\$ 334,427
Highways and streets	438,822
Business-Type Activities	
Water	495,693
Sewer	567,761
Storm Sewer	106,423
Airport	257,267

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Note 7. 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, 2018 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$1,128,635 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 35.11 percent for Tier One/Tier Two General Service Member, 24.95 percent for OPSRP General Service Members, 29.58 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, 2021, the City reported a liability of \$14,083,992 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2021, the City's proportion was 0.06453608 percent, which was decreased from its proportion of 0.07823420 percent measured as of June 30, 2020.

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For the year ended June 30, 2021, the City's recognized pension expense (income) of \$2,873,523. At June 30, 2021, 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	\$ 619,866	\$ -
Changes of assumptions	755,843	26,483
Net difference between projected and actual earnings on investments	1,656,095	-
Changes in proportion	443,759	1,830,028
Differences between employer contributions and proportionate share of contributions	<u>1,119,888</u>	<u>199,693</u>
Total (prior to post-MD contributions)	4,595,451	2,056,204
Contributions subsequent to the MD	<u>1,435,401</u>	<u>-</u>
 Total	 <u>\$ 6,030,852</u>	 <u>\$ 2,056,204</u>

\$1,435,401 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, 2022. 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>	
2022	\$ 1,955,499
2023	780,494
2024	818,048
2025	456,287
2026	<u>(35,680)</u>
Total	<u>\$ 3,974,648</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 of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
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: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Date Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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. 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. The table below shows Milliman’s assumptions for each of the asset classes

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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.

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 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	32.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Portfolio	15.0%
Opportunity Portfolio	0.0%
Risk Parity	2.5%
Total	<u>100.0%</u>

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Total	<u>100%</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)	\$ 20,913,566	\$ 14,083,992	\$ 8,357,079

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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 \$198,812 at June 30, 2021.

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, 2020 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, 2021, 57 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, 2021, the amount deferred and investments earnings thereon, adjusted to fair market value, amount to \$2,842,091. 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, 2021.

Note 8. 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:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Net OPEB asset	\$ -	\$ 54,527	\$ 54,527
Deferred outflows of resources			
Contributions after the measurement date	1,322	653	1,975
Change in proportionate share	-	1,387	1,387
Changes of assumptions	30,533	-	30,533
Difference in earnings	-	6,064	6,064
Total deferred outflows of resources	<u>31,855</u>	<u>8,104</u>	<u>39,959</u>
Total OPEB liability	<u>(360,996)</u>	<u>-</u>	<u>(360,996)</u>
Deferred inflows of resources			
Change in proportionate share	-	(38)	(38)
Difference in experience	(56,584)	(5,571)	(62,155)
Change in assumptions	(25,579)	(2,898)	(28,477)
Difference in earnings	-	-	-
Total deferred inflows of resources	<u>(82,163)</u>	<u>(8,507)</u>	<u>(90,670)</u>
OPEB expense (Included in program expenses on statement of activities)	<u>(32,362)</u>	<u>8,303</u>	<u>(24,059)</u>

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	0
Active employees	43
	43
	43

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 \$360,996 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the city recognized OPEB expense from this plan of \$32,362. At June 30, 2021, 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	\$ -	\$ 56,584
Changes of assumptions	30,533	25,579
Total (prior to post-MD contributions)	30,533	82,163
Contributions made subsequent to measurement date	1,322	-
Total	\$ 31,855	\$ 82,163

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, 2022. 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:	
2022	\$ (5,316)
2023	(6,638)
2024	(6,638)
2025	(6,638)
2026	(6,638)
Thereafter	(18,440)
Total	\$ (50,308)

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 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, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	2.21 percent
Projected Salary Increases	3.50 percent
Election and Lapse Rates	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate
Healthcare Cost Trend Rate	Based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model.
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2020	\$ 336,247
Changes for the year:	
Service cost	26,353
Interest on total OPEB liability	12,647
Effect of economic/demographic gains or losses	(34,907)
Effect of assumptions changes or inputs	23,204
Benefit payments	(2,548)
Balance as of June 30, 2021	<u>\$ 360,996</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 (1.21 percent) or 1-percentage-point higher (3.21 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 (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 393,851	\$ 360,996	\$ 330,304

Healthcare cost trend

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 314,566	\$ 360,996	\$ 415,645

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, 2018 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 0.50% for Tier One/Tier Two members. The city's total for the year ended June 30, 2021 contributions was \$653.

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

At June 30, 2021, the city reported an asset of \$54,527 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2021, the city's proportionate share was 0.02676029%, which is a decrease from its proportion of 0.02798296%, as of June 30, 2020.

For the year ended June 30, 2021, the city recognized OPEB income from this plan of \$8,303. At June 30, 2021, 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	\$ -	\$ 5,571
Changes of assumptions	-	2,898
Net difference between projected and actual earnings on Plan investments	6,064	-
Changes in proportion and differences between District contributions and proportionate share of contributions.	1,387	38
Total (prior to post-MD contributions)	7,451	8,507
Contributions subsequent to the measurement date	653	-
	\$ 8,104	\$ 8,507

Deferred outflows of resources related to OPEB of \$653 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, 2022. 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:	
2022	\$ (4,037)
2023	(521)
2024	2,242
2025	1,913
Total	\$ (403)

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, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
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.
Mortality	Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Date Scale, with job category adjustments and set-backs as described in Active Members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set- Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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. 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. 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.

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 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	32.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Portfolio	15.0%
Opportunity Portfolio	0.0%
Risk Parity	2.5%
Total	<u><u>100.0%</u></u>

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Total	<u><u>100%</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)	\$ (44,021)	\$ (54,527)	\$ (63,510)

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, 2020 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, 2020 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

Note 9. 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, 2021, 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 10. 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, 2021 are as follows:

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	Pitney Bowes	Toshiba Copier Lease	Total
2022	\$ 1,907	\$ 15,620	\$ 17,527
2023	-	330	330
2024	-	330	330
TOTAL	\$ 1,907	\$ 16,280	\$ 18,187

Note 11. Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2021 is as follows:

Description	Balance 6/30/2020	Increases	Decreases	Balance 6/30/2021	Due within one year
BUSINESS-TYPE ACTIVITIES					
WTP Upgrade OECDD	2,454,426	-	153,084	2,301,342	164,264
OECDD-Wastewater System Improvements	2,446,020	-	127,132	2,318,888	128,018
Total Long-term Debt	\$ 4,900,446	\$ -	\$ 280,216	\$ 4,620,230	\$ 292,282

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.

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
			\$ 2,301,342		
2022	\$ 164,264	\$ 112,460	2,137,078	5.0%	(21,011)
2023	170,507	104,466	1,966,571	5.0%	(21,011)
2024	181,804	96,170	1,784,767	5.0%	(21,011)
2025	188,172	87,302	1,596,595	5.0%	(21,011)
2026	199,623	78,101	1,396,972	5.0%	(21,011)
2027-2031	1,137,206	235,414	259,766	5.0%	(105,057)
2032	259,766	12,709	-	5.0%	(21,012)
	\$ 2,301,342	\$ 726,622			\$ (231,124)

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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
			\$ 2,318,888		
2022	\$ 128,018	\$ 115,212	2,190,870	5.0%	\$ (17,431)
2023	139,169	108,811	2,051,701	5.0%	(17,431)
2024	145,377	101,853	1,906,324	5.0%	(17,431)
2025	151,392	94,838	1,754,932	5.0%	(17,431)
2026	157,712	87,268	1,597,220	5.0%	(17,431)
2027-2031	925,991	308,159	671,229	5.0%	(87,155)
2032-2034	671,229	67,712	-	5.0%	(52,296)
	<u>\$ 2,318,888</u>	<u>\$ 883,853</u>			<u>\$ (226,606)</u>

Note 12. Interfund Receivables and Payables

The interfund receivable and payables to be paid within the next fiscal year at June 30, 2021 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Fund	<u>\$ 379,486</u>
	TOTAL	<u>\$ 379,486</u>

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.

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Note 13. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Governmental Funds			Proprietary Funds		
<u>Transfers in</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Transfers in</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Nonmajor gov't	\$ 10,000	Airport Fund	General Fund	\$ 102,423
Street Fund	General Fund	127,366			
Capital Projects Fund	Nonmajor gov't	54,981			
	General Fund	79,299			
Nonmajor governmental	General Fund	153,579			
	Nonmajor gov't	3,641			
	Water Fund	92,190			
	Sewer Fund	51,217			
	Airport Fund	1,333			
	Nonmajor prop	3,073			
Total transfers in for governmental funds		<u>\$ 576,679</u>	Total transfers in for proprietary funds		<u>\$ 102,423</u>
<u>Transfers out</u>	<u>Transfer to</u>		<u>Transfers out</u>	<u>Transfer to</u>	
General Fund	Nonmajor gov't	\$ (153,579)	Nonmajor prop	Nonmajor gov't	\$ (3,073)
	Street fund	(127,366)			
	Airport Fund	(102,423)	Water Fund	Nonmajor gov't	(92,190)
	Capital Projects Fund	(79,299)			
Nonmajor governmental	Capital Projects Fund	(54,981)	Sewer Fund	Nonmajor gov't	(51,217)
	General Fund	(10,000)			
	Nonmajor governmental	(3,641)	Airport Fund	Nonmajor gov't	(1,333)
					-
Total transfers out for governmental funds		<u>(531,289)</u>	Total transfers out for proprietary funds		<u>(147,813)</u>
Total transfers for governmental funds		<u>\$ 45,390</u>	Total transfers for proprietary funds		<u>\$ (45,390)</u>

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.

Note 14. 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.

CITY OF ONTARIO, OREGON
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Note 15. 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 16. Fund Balance Classifications

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

Fund Balances	General Fund	Street Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total
<u>Nonspendable</u>						
Interfund Receivables	\$ 379,486	\$ -	\$ -	\$ -	\$ -	\$ 379,486
Prepaid expenses	185,209	-	-	-	-	185,209
	<u>564,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,695</u>
<u>Restricted</u>						
System development charges	-	-	-	-	801,798	801,798
Street projects	-	18,509	-	-	-	18,509
Building inspection	-	-	-	-	569,278	569,278
Public safety	-	-	-	-	6,440	6,440
	<u>-</u>	<u>18,509</u>	<u>-</u>	<u>-</u>	<u>1,377,516</u>	<u>1,396,025</u>
<u>Committed to</u>						
Capital Projects	-	-	-	3,630,656	2,295,161	5,925,817
Funds held for other departments	-	-	-	-	411,532	411,532
Revolving loan fund program	-	-	-	-	313,740	313,740
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,630,656</u>	<u>3,020,433</u>	<u>6,651,089</u>
<u>Unassigned</u>	<u>5,063,786</u>	<u>-</u>	<u>(14,663)</u>	<u>-</u>	<u>-</u>	<u>5,049,123</u>
TOTAL FUND BALANCES	<u><u>\$ 5,628,481</u></u>	<u><u>\$ 18,509</u></u>	<u><u>\$ (14,663)</u></u>	<u><u>\$ 3,630,656</u></u>	<u><u>\$ 4,397,949</u></u>	<u><u>\$ 13,660,932</u></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 June 15, 2021. Commitments of fund balances must be made prior to the end of the fiscal year.

Note 17. 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.

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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, 2021, The City of Ontario's allocation of property tax abatements from the Food Processor Exemption amounted to \$459,794.

Note 18. New Accounting Pronouncements and Accounting Standards

During the fiscal year ended June 30, 2021, the city implemented the following GASB Pronouncements:

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. 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.

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. 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. 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.

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

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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.

Note 19. Subsequent Events

On August 10, 2021, the City approved a resolution for the sale of Real Property Being Lot 5 of the Stelling Subdivision. On August 24th, the City closed on escrow on that property for the amount of \$739,530

**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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Property taxes	\$ 3,747,617	\$ 3,747,617	\$ 3,883,116	\$ 135,499
Other taxes	1,100,000	1,100,000	3,014,105	1,914,105
Franchise fees	1,632,298	1,632,298	1,565,987	(66,311)
Licenses and permits	51,080	51,080	75,226	24,146
Intergovernmental	701,268	1,069,770	1,087,907	18,137
Charges for services	274,104	274,104	287,052	12,948
Fines and forfeits	43,500	43,500	110,893	67,393
Miscellaneous	37,250	37,600	61,369	23,769
Interest on investments	65,000	65,000	23,446	(41,554)
Administrative	497,148	497,148	497,148	-
Total revenues	<u>8,149,265</u>	<u>8,563,117</u>	<u>10,656,249</u>	<u>2,093,132</u>
Expenditures				
Administration	490,020	490,020	458,308	31,712
City Council	25,362	18,362	14,471	3,891
Admin Overhead	383,250	487,250	427,568	59,682
Business Registrations	1,100	1,100	569	531
Emergency Operations	-	338,502	305,475	33,027
Cemetery	174,381	174,381	121,096	53,285
Community Development	215,051	245,051	243,243	1,808
Finance	245,849	248,849	245,677	3,172
Fire	1,626,536	1,633,800	1,586,412	47,388
Non-Departmental Appropriations	80,000	80,000	10,000	70,000
Police Reserve	6,165	6,165	881	5,284
Code Enforcement	242,464	222,464	173,728	48,736
Parks	316,250	431,250	166,974	264,276
Police	3,895,277	3,888,198	3,720,105	168,093
Technology	173,772	173,772	130,290	43,482
Capital Outlay	246,000	262,244	52,513	209,731
Contingency	222,333	13,850	-	13,850
Total expenditures	<u>8,343,810</u>	<u>8,715,258</u>	<u>7,657,310</u>	<u>1,057,948</u>
Excess of revenues over (under) expenditures	(194,545)	(152,141)	2,998,939	3,151,080
Other financing sources (uses)				
Transfers in	10,000	10,000	10,000	-
Transfers out	(329,019)	(462,667)	(462,667)	-
Total other sources (uses)	<u>(319,019)</u>	<u>(452,667)</u>	<u>(452,667)</u>	<u>-</u>
Net change in fund balance	(513,564)	(604,808)	2,546,272	3,151,080
Fund balance, July 1	<u>2,013,564</u>	<u>2,104,808</u>	<u>3,082,209</u>	<u>977,401</u>
Fund balance, June 30	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 5,628,481</u>	<u>\$ 4,128,481</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,271,703	\$ 1,271,703	\$ 1,291,808	\$ 20,105
Interest on investments	300	300	159	(141)
Charges for services	367,000	367,000	373,344	6,344
Other taxes	210,000	210,000	244,796	34,796
Administrative	488,574	488,574	488,574	-
Miscellaneous	1,000	1,000	1,420	420
Total revenues	<u>2,338,577</u>	<u>2,338,577</u>	<u>2,400,101</u>	<u>61,524</u>
Expenditures				
Street maintenance	<u>2,609,042</u>	<u>2,611,156</u>	<u>2,567,520</u>	<u>43,636</u>
Excess of revenues over (under) expenditures	(270,465)	(272,579)	(167,419)	105,160
Other financing sources (uses)				
Transfers in	<u>3,218</u>	<u>127,366</u>	<u>127,366</u>	<u>-</u>
Net change in fund balance	(267,247)	(145,213)	(40,053)	105,160
Fund balance, July 1	<u>267,247</u>	<u>145,213</u>	<u>58,562</u>	<u>(86,651)</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,509</u>	<u>\$ 18,509</u>

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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Actual</u>	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 202,500	\$ 1,242,527	\$ 981,625	\$ (260,902)
Expenditures				
Capital outlay	<u>202,500</u>	<u>1,242,527</u>	<u>997,498</u>	<u>245,029</u>
Net change in fund balance	-	-	(15,873)	(15,873)
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>1,210</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (14,663)</u></u>	<u><u>\$ (14,663)</u></u>

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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 25,220	\$ 25,220	\$ 29,079	\$ 3,859
Miscellaneous	38,680	38,680	4,306	(34,374)
Utilities capitalization charges	526,731	526,731	551,676	24,945
Total revenues	<u>590,631</u>	<u>590,631</u>	<u>585,061</u>	<u>(5,570)</u>
Expenditures				
Fire apparatus	200,000	200,000	-	200,000
Downtown attraction	9,000	9,000	-	9,000
Park improvements	2,000	2,000	-	2,000
W. Idaho extension	118,977	118,977	-	118,977
Special projects	1,000	1,000	-	1,000
Utility capitalization fee	455,000	596,000	103,707	492,293
E. Idaho	68,704	68,704	-	68,704
SRCI water	4,500	4,500	-	4,500
SRCI sewer	50,000	50,000	25,467	24,533
Contingency	2,539,930	2,398,930	-	2,398,930
Total expenditures	<u>3,449,111</u>	<u>3,449,111</u>	<u>129,174</u>	<u>3,319,937</u>
Excess of revenues over (under) expenditures	(2,858,480)	(2,858,480)	455,887	3,314,367
Other financing sources (uses)				
Transfers in	100,000	100,000	134,280	(34,280)
Total other sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>134,280</u>	<u>(34,280)</u>
Net change in fund balance	(2,758,480)	(2,758,480)	590,167	3,348,647
Fund balance, July 1	2,758,480	2,758,480	3,040,489	282,009
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,630,656</u>	<u>\$ 3,630,656</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
2021	0.06453608%	\$ 14,083,992	\$ 3,355,421	419.74%	75.80%
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
2021	\$ 1,225,530	\$ 1,435,401	\$ (209,871)	\$ 3,455,182	41.54%
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.

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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
2021	\$ 336,247	\$ 26,353	\$ 12,647	\$ -	\$ (34,907)	\$ 23,204	\$ (2,548)	\$ 360,996	\$ 3,399,604	10.62%
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)		(b)		(c)		(b/c)	
	Statutorily required contribution	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contributions in relation to the statutorily required contribution	City's covered payroll	City's covered payroll	Contributions as a percent of covered payroll	Contributions as a percent of covered payroll
2021	\$ 1,322	\$ 1,322	\$ -	\$ 3,327,887	\$ -	\$ 3,327,887	0.04%	0.04%
2020	2,548	2,548	-	3,127,725	-	3,127,725	0.08%	0.08%
2019	7,755	7,755	-	2,705,463	-	2,705,463	0.29%	0.29%
2018	12,882	12,882	-	2,872,765	-	2,872,765	0.45%	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
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
2021	\$ 336,247	\$ 26,353	\$ 12,647	\$ -	\$ (34,907)	\$ 23,204	\$ (2,548)	\$ 360,996	\$ 3,399,604	10.62%
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
2021	\$ 1,322	\$ 1,322	\$ -	\$ 3,327,887	0.04%
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, 2021

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, 2021 there were no over expenditures of budgeted appropriations.

OREGON PUBLIC RETIREMENT SYSTEM INFORMATION

Changes in Benefit Terms and Assumptions

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.

Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. 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, 2021

OTHER POST EMPLOYMENT BENEFITS

Changes of Benefit Terms and Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50 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.

CITY OF ONTARIO, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue Funds		
	Marijunana Enforcement Fund	Building Fund	Trust Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and investments	\$ 6,440	\$ 563,097	\$ 455,485
Accounts receivable			
Other taxes	-	-	73,392
Loans	-	-	-
Customer accounts, net of allowance	-	-	-
Other	-	37,300	807
Restricted cash			
Cash held in trust	-	-	246,663
System development charges	-	-	-
Total assets	<u>6,440</u>	<u>600,397</u>	<u>776,347</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 6,440</u>	<u>\$ 600,397</u>	<u>\$ 776,347</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 31,119	\$ 118,152
Payroll liabilities	-	-	-
Deposits held in trust	-	-	246,663
Total liabilities	<u>-</u>	<u>31,119</u>	<u>364,815</u>
Deferred inflows of resources			
Unavailable economic development loans	-	-	-
Fund balances			
Spendable			
Restricted	6,440	569,278	-
Committed	-	-	411,532
Total fund balances	<u>6,440</u>	<u>569,278</u>	<u>411,532</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,440</u>	<u>\$ 600,397</u>	<u>\$ 776,347</u>

Special Revenue Funds		Capital Projects Fund	Total June 30, 2021
Reserve Fund	Revolving Loan Fund	SDC Fund	
\$ 2,193,270	\$ 312,790	\$ -	\$ 3,531,082
60,111	-	-	133,503
-	68,460	-	68,460
48,032	-	-	48,032
-	950	65,484	104,541
-	-	-	246,663
-	-	736,314	736,314
<u>2,301,413</u>	<u>382,200</u>	<u>801,798</u>	<u>4,868,595</u>
-	-	-	-
<u>\$ 2,301,413</u>	<u>\$ 382,200</u>	<u>\$ 801,798</u>	<u>\$ 4,868,595</u>
\$ 6,247	\$ -	\$ -	\$ 155,518
5	-	-	5
-	-	-	246,663
<u>6,252</u>	<u>-</u>	<u>-</u>	<u>402,186</u>
-	68,460	-	68,460
-	-	801,798	1,377,516
<u>2,295,161</u>	<u>313,740</u>	<u>-</u>	<u>3,020,433</u>
<u>2,295,161</u>	<u>313,740</u>	<u>801,798</u>	<u>4,397,949</u>
<u>\$ 2,301,413</u>	<u>\$ 382,200</u>	<u>\$ 801,798</u>	<u>\$ 4,868,595</u>

CITY OF ONTARIO, OREGON
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES**
NONMAJOR FUNDS
 For the Year Ended
 June 30, 2021

	Special Revenue Funds		
	Marijuana		
	Enforcement Fund	Building Fund	Trust Fund
Revenues			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	441,444
Intergovernmental revenues	50,696	-	-
Charges for services	-	-	23,700
Licenses and permits	-	465,616	-
Miscellaneous			
Miscellaneous	-	-	-
Interest on investments	-	-	354
System development charges	-	-	-
Loan repayments	-	-	-
Total revenues	<u>50,696</u>	<u>465,616</u>	<u>465,498</u>
Expenditures			
<i>Current</i>			
Personal services	44,256	142,975	-
Materials and services	-	38,081	430,008
Capital outlay	-	5,598	-
Total expenditures	<u>44,256</u>	<u>186,654</u>	<u>430,008</u>
Excess of revenues over (under) expenditures	6,440	278,962	35,490
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	(1,922)	(10,000)
Capital asset sales	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,922)</u>	<u>(10,000)</u>
Net change in fund balances	6,440	277,040	25,490
Fund balances, July 1	-	292,238	386,042
Fund balances, June 30	<u>\$ 6,440</u>	<u>\$ 569,278</u>	<u>\$ 411,532</u>

Special Revenue Funds		Capital Projects Fund	Total
Reserve Fund	Revolving Loan Fund	SDC Fund	June 30, 2021
\$ -	\$ 8,353	\$ -	\$ 8,353
244,796	-	-	686,240
150,169	28,520	-	229,385
210,263	-	-	233,963
-	-	-	465,616
61,537	-	-	61,537
753	-	-	1,107
-	-	360,281	360,281
-	77,240	-	77,240
<u>667,518</u>	<u>114,113</u>	<u>360,281</u>	<u>2,123,722</u>
126,930	-	-	314,161
302,195	237,040	-	1,007,324
76,759	-	6,425	88,782
<u>505,884</u>	<u>237,040</u>	<u>6,425</u>	<u>1,410,267</u>
161,634	(122,927)	353,856	713,455
305,033	-	-	305,033
(56,700)	-	-	(68,622)
12,097	-	-	12,097
<u>260,430</u>	<u>-</u>	<u>-</u>	<u>248,508</u>
422,064	(122,927)	353,856	961,963
1,873,097	436,667	447,942	3,435,986
<u>\$ 2,295,161</u>	<u>\$ 313,740</u>	<u>\$ 801,798</u>	<u>\$ 4,397,949</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Actual</u>	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 50,696	\$ 696
Expenditures				
Personal services	<u>50,000</u>	<u>50,000</u>	<u>44,256</u>	<u>5,744</u>
Net change in fund balance	-	-	6,440	6,440
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,440</u></u>	<u><u>\$ 6,440</u></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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	\$ 9,138	\$ 9,138	\$ 150,169	\$ 141,031
Miscellaneous	25,000	25,000	61,537	36,537
Charges for service	217,300	217,300	210,263	(7,037)
Other taxes	210,000	210,000	244,796	34,796
Interest on investments	1,500	1,500	753	(747)
Total revenues	<u>462,938</u>	<u>462,938</u>	<u>667,518</u>	<u>204,580</u>
Expenditures				
Bike path & trails	109,138	109,138	17,575	91,563
Building inspection	137,893	137,893	-	137,893
GC sinking fund	900	900	-	900
Public safety	187,580	187,580	169,835	17,745
Emergency equipment	112,992	112,992	-	112,992
PERS side account	276,833	276,833	276,833	-
Insurance claims	86,069	86,069	20,610	65,459
Economic development infrastructure	93,733	93,733	-	93,733
Public works	360,000	508,255	21,031	487,224
Contingency	1,114,608	966,353	-	966,353
Total expenditures	<u>2,479,746</u>	<u>2,479,746</u>	<u>505,884</u>	<u>1,973,862</u>
Excess of revenues over (under) expenditures	(2,016,808)	(2,016,808)	161,634	2,178,442
Other financing sources (uses)				
Transfers in	305,033	305,033	305,033	-
Transfers out	(56,700)	(56,700)	(56,700)	-
Capital asset sales	-	-	12,097	12,097
Total other sources (uses)	<u>248,333</u>	<u>248,333</u>	<u>260,430</u>	<u>12,097</u>
Net change in fund balance	(1,768,475)	(1,768,475)	422,064	2,190,539
Fund balance, July 1	<u>1,768,475</u>	<u>1,768,475</u>	<u>1,873,097</u>	<u>104,622</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,295,161</u>	<u>\$ 2,295,161</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Licenses and permits	\$ 150,000	\$ 150,000	\$ 465,616	\$ 315,616
Expenditures				
Personal services	158,404	158,404	142,975	15,429
Materials and services	33,186	63,186	38,081	25,105
Contingency	184,340	154,340	-	154,340
Total expenditures	383,430	383,430	186,654	196,776
Excess of revenues over (under) expenditures	(233,430)	(233,430)	278,962	512,392
Other financing sources (uses)				
Transfers out	(1,922)	(1,922)	(1,922)	-
Net change in fund balance	(235,352)	(235,352)	277,040	512,392
Fund balance, July 1	235,352	235,352	292,238	56,886
Fund balance, June 30	\$ -	\$ -	\$ 569,278	\$ 569,278

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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Other taxes	\$ 410,000	\$ 410,000	\$ 441,444	\$ 31,444
Charges for services	9,000	9,000	23,700	14,700
Interest on investments	395	395	354	(41)
Total revenues	<u>419,395</u>	<u>419,395</u>	<u>465,498</u>	<u>46,103</u>
Expenditures				
Chamber of Commerce	183,695	183,695	179,825	3,870
OSS Mitigation	153,027	153,027	-	153,027
Visitors & Convention	272,682	272,682	250,183	22,499
Perpetual maintenance	157,227	157,227	-	157,227
Total expenditures	<u>766,631</u>	<u>766,631</u>	<u>430,008</u>	<u>336,623</u>
Excess of revenues over (under) expenditures	(347,236)	(347,236)	35,490	382,726
Other financing sources (uses)				
Transfers out	(10,000)	(10,000)	(10,000)	-
Net change in fund balance	(357,236)	(357,236)	25,490	382,726
Fund balance, July 1	<u>357,236</u>	<u>357,236</u>	<u>386,042</u>	<u>28,806</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,532</u>	<u>\$ 411,532</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ 8,353	\$ 8,353
Intergovernmental	-	-	28,520	28,520
Loan repayments	5,000	5,000	77,240	72,240
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>114,113</u>	<u>109,113</u>
Expenditures				
Materials and services	<u>422,667</u>	<u>422,667</u>	<u>237,040</u>	<u>185,627</u>
Net change in fund balance	(417,667)	(417,667)	(122,927)	294,740
Fund balance, July 1	<u>417,667</u>	<u>417,667</u>	<u>436,667</u>	<u>19,000</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 313,740</u></u>	<u><u>\$ 313,740</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
System development charges	\$ 55,000	\$ 55,000	\$ 360,281	\$ 305,281
Expenditures				
SDC projects	485,615	485,615	6,425	479,190
Net change in fund balance	(430,615)	(430,615)	353,856	784,471
Fund balance, July 1	430,615	430,615	447,942	17,327
Fund balance, June 30	\$ -	\$ -	\$ 801,798	\$ 801,798

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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 3,186,765	\$ 3,186,765	\$ 3,392,172	\$ 205,407
Miscellaneous	16,000	16,000	24,029	8,029
Interest on investments	130,000	130,000	36,306	(93,694)
Total revenues	3,332,765	3,332,765	3,452,507	119,742
Expenses				
Personal services	600	600	441	159
Materials and services	2,402,298	2,404,031	2,398,188	5,843
Capital outlay	779,000	841,875	123,859	718,016
Debt service	272,974	272,974	272,974	-
Contingency	1,282,236	1,259,253	-	1,259,253
Total expenses	4,737,108	4,778,733	2,795,462	1,983,271
Excess of revenues over (under) expenses	(1,404,343)	(1,445,968)	657,045	2,103,013
Other financing sources (uses)				
Transfers out	(92,190)	(92,190)	(92,190)	-
Sale of asset	-	-	2,000	2,000
Total other financing sources (uses)	(92,190)	(92,190)	(90,190)	2,000
Net change in fund net position	(1,496,533)	(1,538,158)	566,855	2,105,013
Net position, July 1	1,496,533	1,538,158	1,824,199	286,041
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>2,391,054</u>	<u>\$ 2,391,054</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	12,876,958
Inventory	13,571
Accrued interest	(65,602)
Long-term obligations	(2,301,342)
Debt refunding deferred inflows	<u>(231,124)</u>
Net position, ending	<u>\$ 12,683,515</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 3,838,891	\$ 3,838,891	\$ 3,564,222	\$ (274,669)
Intergovernmental	-	-	282	(282)
Miscellaneous	5,000	5,000	32,542	27,542
Interest on investments	130,000	130,000	47,322	(82,678)
Total revenues	3,973,891	3,973,891	3,644,368	(330,087)
Expenses				
Personal services	35,600	35,600	15,581	20,019
Materials and services	2,194,869	2,477,848	2,413,670	64,178
Capital outlay	2,460,000	2,477,999	1,612,060	865,939
Debt service	248,480	248,480	248,480	-
Contingency	2,860,608	2,559,630	-	2,559,630
Total expenses	7,799,557	7,799,557	4,289,791	3,509,766
 Excess of revenues over (under) expenses	 (3,825,666)	 (3,825,666)	 (645,423)	 3,179,961
Other financing sources (uses)				
Transfers out	(51,217)	(51,217)	(51,217)	-
Sale of capital asset	-	-	4,000	4,000
Total other financing sources (uses)	(51,217)	(51,217)	(47,217)	4,000
 Net change in fund net position	 (3,876,883)	 (3,876,883)	 (692,640)	 3,183,961
Net position, July 1	3,876,883	3,876,883	4,115,395	238,512
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>3,422,755</u>	<u>\$ 3,422,473</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	17,053,385
Accrued interest	(67,207)
Long-term obligations	(2,318,888)
Debt refunding deferred inflows	<u>(226,606)</u>
Net position, ending	<u>\$ 17,863,439</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 86,682	\$ 86,682	\$ 98,966	\$ 12,284
Intergovernmental	150,000	380,000	230,000	(150,000)
Miscellaneous	1,700	1,700	6,260	4,560
Interest on investments	100	100	189	89
Total revenues	238,482	468,482	335,415	(133,067)
Expenses				
Personal services	98,943	80,193	72,658	7,535
Materials and services	90,610	109,360	84,365	24,995
Capital outlay	153,000	392,500	45,750	346,750
Total expenses	342,553	582,053	202,773	379,280
Excess of revenues over (under) expenses	(104,071)	(113,571)	132,642	246,213
Other financing sources (uses)				
Transfers in	92,923	102,423	102,423	-
Transfers out	(1,333)	(1,333)	(1,333)	-
Total other financing sources (uses)	91,590	101,090	101,090	-
Net change in fund net position	(12,481)	(12,481)	233,732	246,213
Net position, July 1	12,481	12,481	37,031	24,550
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>270,763</u>	<u>\$ 270,763</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	9,317,179
OPEB asset	448
OPEB deferred inflows	(296)
OPEB deferred outflows	155
Compensated Absences	(1,509)
OPEB liability	(995)
Net pension liability	(115,591)
Pension deferred inflows	(16,876)
Pension deferred outflows	49,497
Deferred revenues	<u>1,828</u>
Net position, ending	<u><u>\$ 9,504,603</u></u>

CITY OF ONTARIO, OREGON
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2021

	Storm Sewer Fund	Aquatic Fund	Total June 30, 2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and pooled investments	\$ 398,173	\$ 1,028	\$ 399,201
Receivables			
Customer accounts, net allowance	8,739	-	8,739
Capital assets not being depreciated	12,711	936,071	948,782
Capital assets being depreciated (net of accumulated depreciation)	2,051,290	-	2,051,290
Total assets	<u>2,470,913</u>	<u>937,099</u>	<u>3,408,012</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 2,470,913</u>	<u>\$ 937,099</u>	<u>\$ 3,408,012</u>
Liabilities			
Accounts payable	<u>\$ 15,611</u>	<u>\$ -</u>	<u>\$ 15,611</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	2,064,001	936,071	3,000,072
Unrestricted	391,301	1,028	392,329
Total net position	<u>2,455,302</u>	<u>937,099</u>	<u>3,392,401</u>
Total liabilities, deferred inflows and net position	<u>\$ 2,470,913</u>	<u>\$ 937,099</u>	<u>\$ 3,408,012</u>

CITY OF ONTARIO, OREGON
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND NET POSITION
 NONMAJOR PROPRIETARY FUNDS**
 For the Year Ended
 June 30, 2021

	Storm Sewer Fund	Aquatic Fund	Total June 30, 2021
Operating revenues			
Charges for services	\$ 109,756	\$ -	\$ 109,756
Operating expenses			
Contract services	82,744	-	82,744
Depreciation	106,423	-	106,423
Insurance	2,546	-	2,546
Miscellaneous expense	327	-	327
Supplies - general	88	-	88
Utilities	2	-	2
Fees	9,118	-	9,118
Administrative	3,822	-	3,822
Total operating expenditures	205,088	-	205,088
Net income from operations	(95,332)	-	(95,332)
Non operating income (expenses)			
Interest earned on investments	1,482	-	1,482
Donations & grants	-	57,605	57,605
Total non operating income (expenses)	1,482	57,605	59,087
Net income	(93,850)	57,605	(36,245)
Other items			
Transfers out	(3,073)	-	(3,073)
Total other items	(3,073)	-	(3,073)
Change in net position	(96,923)	57,605	(39,318)
Net position, July 1	2,552,225	879,494	3,431,719
Net position, June 30	\$ 2,455,302	\$ 937,099	\$ 3,392,401

CITY OF ONTARIO, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended
June 30, 2021

	Enterprise Funds		
	Storm Sewer Fund	Aquatic Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 110,273	\$ -	\$ 110,273
Cash payment to suppliers for goods and services	(110,845)	-	(110,845)
Other operating revenues	-	222,837	222,837
Net cash provided by operating activities	<u>(590)</u>	<u>222,837</u>	<u>222,247</u>
Cash flows from noncapital financing activities			
Operating transfers-out to other funds	(3,073)	-	(3,073)
Interfund loans	-	(111,658)	(111,658)
Net cash provided by noncapital financing activities	<u>(3,073)</u>	<u>(111,658)</u>	<u>(114,731)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(28,875)	(110,151)	(139,026)
Net cash used for capital and related financing activities	<u>(28,875)</u>	<u>(110,151)</u>	<u>(139,026)</u>
Cash flows from investing activities			
Interest and dividends on investments	1,482	-	1,482
Net cash provided (used) in investing activities	<u>1,482</u>	<u>-</u>	<u>1,482</u>
Net increase (decrease) in cash and cash equivalents	(31,056)	1,028	(30,028)
Cash and cash equivalents at beginning of year	429,229	-	429,229
Cash and cash equivalents at end of year	<u>\$ 398,173</u>	<u>\$ 1,028</u>	<u>\$ 399,201</u>
Reconciliation of operating income to net cash provided by operating activities			
Net Income	\$ (95,332)	\$ 57,605	\$ (37,727)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation expense	106,423	-	106,423
(Increase) decrease in accounts receivable	517	165,232	165,749
Increase (decrease) in accounts payable	(12,198)	-	(12,198)
Total adjustments	<u>94,742</u>	<u>165,232</u>	<u>259,974</u>
Net cash provided (used) by operating activities	<u>\$ (590)</u>	<u>\$ 222,837</u>	<u>\$ 222,247</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	\$ 398,173	\$ 1,028	\$ 399,201
Total cash and cash equivalents at year end	<u>\$ 398,173</u>	<u>\$ 1,028</u>	<u>\$ 399,201</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	\$ 106,300	\$ 106,300	\$ 109,756	\$ 3,456
Interest on investments	4,000	4,000	1,482	(2,518)
Total revenues	<u>110,300</u>	<u>110,300</u>	<u>111,238</u>	<u>938</u>
Expenses				
Personal services	25	25	18	7
Materials and services	98,612	100,002	98,648	1,352
Capital outlay	175,000	187,000	28,874	158,126
Contingency	280,595	267,205	-	267,205
Total expenses	<u>554,232</u>	<u>554,232</u>	<u>127,540</u>	<u>426,690</u>
Excess of revenues over (under) expenses	(443,932)	(443,932)	(16,302)	427,628
Other financing sources (uses)				
Transfers out	<u>(3,073)</u>	<u>(3,073)</u>	<u>(3,073)</u>	<u>-</u>
Change in fund net position	(447,005)	(447,005)	(19,375)	427,628
Net position, July 1	447,005	447,005	410,676	(36,329)
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>391,301</u>	<u>\$ 391,299</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	<u>2,064,001</u>
Net position, ending	<u>\$ 2,455,302</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, 2021

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Grants and donations	\$ -	\$ 10,151	\$ 57,605	\$ 47,454
Expenses				
Capital outlay	100,000	110,151	110,151	-
Net change in fund net position	(100,000)	(100,000)	(52,546)	47,454
Net position, July 1	100,000	100,000	53,574	(46,426)
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	1,028	<u>\$ 1,028</u>

**Reconciliation to Generally Accepted
Accounting Principles**

Capital assets, net of accumulated depreciation	<u>936,071</u>
Net position, ending	<u>\$ 937,099</u>

OTHER FINANCIAL SCHEDULES

CITY OF ONTARIO, OREGON
SUMMARY SCHEDULE OF CASH, CASH ITEMS AND INVESTMENTS
 June 30, 2021

Intermountain Community Bank	
Demand accounts	\$ 2,330,627
Certificates of Deposit	585,908
Oregon State Treasury Local Government Investment Pool **	15,981,739
Cash on hand	955
Total cash and investments on books	\$ 18,899,229

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.

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**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, 2021, and have issued our report thereon dated December 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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.

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.

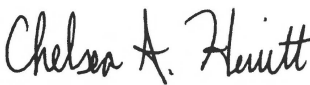
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination 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 were 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, CPA
Owner/Member

La Grande, Oregon
December 23, 2021

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**AUDIT DELIVERABLES REQUIRED
BY THE SINGLE AUDIT ACT OF
1996**

CITY OF ONTARIO, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Aviation Administration:			
<u>Direct Programs:</u>			
Airport Improvement Program	20.106	3-41-0044-017	\$ 651,300
COVID-19 - Airport Improvement Program	20.106	3-41-0044-016-2020	30,000
Total Airport Improvement Program			<u>681,300</u>
U.S. Department of Housing and Urban Development:			
<u>Direct Programs:</u>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	01J38801	71,529
Community Development Block Grant	14.218	17012	12,957
Total U.S. Department of Housing and Urban Development			<u>84,486</u>
U.S. Department of Treasury:			
<u>Pass-Through Oregon Department of Administrative Services:</u>			
COVID-19 - Coronavirus Relief Fund	21.019		<u>332,772</u>
Federal Emergency Management Agency:			
<u>Pass-Through Oregon Emergency Management:</u>			
Disaster Grants	97.036	449-DR-OR	<u>9,919</u>
Total expenditures of federal awards			<u>\$ 1,108,477</u>

CITY OF ONTARIO, OREGON
Notes to Schedule of Expenditures of Federal Awards

Note A - Purpose of the Schedule:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is a supplementary schedule to City of Ontario, Oregon's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City, it is not intended to and does not present either the financial position, results of operations, or changes in fund balances/equity of the City of Ontario, Oregon.

Note B - Significant Accounting Policies:

Reporting Entity

The reporting entity is fully described in Note 1 to the City's basic financial statements. The Schedule includes all federal programs administered by the City for the year ended June 30, 2021.

Basis of Presentation

The accompanying Schedule includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Federal Financial Assistance

Pursuant to the Single Audit Act and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the City and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act and the Uniform Guidance establish criteria to be used in defining major programs. Major programs for the City of Ontario, Oregon are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Basis of Accounting

The receipt and expenditure of federal awards are accounted for under the same basis of accounting as the fund in which they are recorded. Federal awards recorded in proprietary funds are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Federal awards recorded in governmental funds are reported using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are recorded when the related liability is incurred.

Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Insurance Coverage

For fiscal year ended June 30, 2021, the City had insurance coverage in effect comparable to other entities of similar size and circumstance.

Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate.

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

To the City Council
City of Ontario, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information City of Ontario, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 23, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. 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 and significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

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

La Grande, Oregon
December 23, 2021

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

To the City Council
City of Ontario, Oregon

Report on Compliance for Each Major Federal Program

We have audited City of Ontario, Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Ontario, Oregon's major federal programs for the year ended June 30, 2021. City of Ontario, Oregon's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Ontario, Oregon's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Ontario, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Ontario, Oregon's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Ontario, Oregon, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of City of Ontario, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Ontario, Oregon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Ontario, Oregon's internal control over compliance.

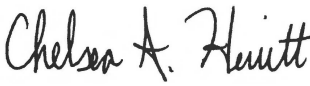
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect

and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By 

Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
December 23, 2021

CITY OF ONTARIO, OREGON
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

A. Summary of Audit Results

	Results
Financial Statements Audit	
1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
Were significant deficiencies disclosed?	No
Of the significant deficiencies disclosed were any material weaknesses?	N/A
3. Did the audit disclose any noncompliance material to the financial statements?	No
Federal Awards	
1. Type of auditor's report issued:	
<u>Major programs:</u>	
Airport Improvement Program	
CFDA Number 20.106	Unmodified
2. Internal control over major programs:	
Were significant deficiencies disclosed?	No
Of the significant deficiencies disclosed were any material weaknesses?	N/A
3. Were any of the following disclosed in accordance with 2 CFR Section 200.516(a)?	
Significant deficiencies in internal control over major programs?	No
Material Noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to major programs?	No
Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program?	No
Known questioned costs which are greater than \$25,000 for a federal program which is not audited as a major program?	No
4. The threshold for distinguishing Types A and B programs:	\$ 750,000
5. Auditee qualified as a low-risk auditee	No

B. Findings and Questioned Costs - Financial Statement Audit

None noted as a result of our audit procedures

Questioned Costs

None Noted as a result of our audit procedures

C. Federal Awards Findings and Questioned Costs

None noted as a result of our audit procedures.

CITY OF ONTARIO, OREGON
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

June 30, 2020:

None noted as a result of our audit procedures