

**CITY OF ONTARIO
RICHLAND COUNTY, OHIO**

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

JG | Julian & Grube
Serving Ohio Local Governments



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City Council
City of Ontario
555 Stumbo Road
Ontario, Ohio 44906

We have reviewed the *Independent Auditor's Report* of the City of Ontario, Richland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Ontario is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 16, 2026

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CITY OF ONTARIO
RICHLAND COUNTY, OHIO

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Independent Auditor's Report

City of Ontario
Richland County
555 Stumbo Road
Ontario, Ohio 44906

To the Members of Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ontario, Richland County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Ontario's basic financial statements as listed in the table of contents.

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 December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of Ontario and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City of Ontario restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences". Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ontario's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ontario's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ontario's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

City of Ontario
Richland County
Independent Auditor's Report

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2025 on our consideration of the City of Ontario's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ontario's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ontario's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 13, 2025

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The management's discussion and analysis of the City of Ontario's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The total net position of the City increased \$2,525,005. Net position of governmental activities increased \$1,249,224 or 5.15% from 2023's restated net position. Net position of business-type activities increased \$1,275,781 or 6.60% from 2023's restated net position.
- General revenues accounted for \$10,978,155 or 91.33% of total governmental activities revenue. Program specific revenues accounted for \$1,042,648 or 8.67% of total governmental activities revenue.
- The City had \$10,461,423 in expenses related to governmental activities; \$1,042,648 of these expenses were offset by program specific charges for services, grants or contributions. The general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$10,978,155 were adequate to provide the remaining expenses of the governmental activities of \$9,418,775.
- The general fund had revenues and other financing sources of \$7,334,577 in 2024. This represents an increase of \$313,698 from 2023 revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled \$7,649,674 in 2024, increased \$1,078,603 from 2023. The net decrease in fund balance for the general fund was \$315,097 or 4.47%.
- The 35% street construction fund had revenues and other financing sources of \$1,937,721 in 2024. The expenditures of the 35% street construction fund totaled \$1,622,951 in 2024. The net increase in fund balance for the 35% street construction fund was \$314,770 or 16.84%.
- The tax increment fund had revenues of \$663,167 in 2024. The expenditures and the other financing uses of the tax increment fund totaled \$376,257 in 2024. The net increase in fund balance for the tax increment fund was \$286,910 or 60.46%.
- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2024 by \$1,275,781.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all *assets, deferred outflows, liabilities, deferred inflows, revenues and expenses (excluding fiduciary funds)* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in that position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water and sewer operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and non-major funds. The City's major governmental funds are the general fund, the 35% street construction fund, and tax increment fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Both of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance programs for medical-related employee benefits.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund, the 35% street construction fund, and the Tax Increment fund budgetary schedules, net pension liability/asset, and net OPEB liability/asset.

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CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2024 and December 31, 2023. For the table below, amounts for 2024 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3) while amounts for 2023 have been presented in accordance with previous guidance.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 16,718,995	\$ 15,415,202	\$ 10,843,809	\$ 9,944,402	\$ 27,562,804	\$ 25,359,604
Capital assets, net	<u>20,909,976</u>	<u>21,210,395</u>	<u>12,841,168</u>	<u>12,616,026</u>	<u>33,751,144</u>	<u>33,826,421</u>
Total assets	<u>37,628,971</u>	<u>36,625,597</u>	<u>23,684,977</u>	<u>22,560,428</u>	<u>61,313,948</u>	<u>59,186,025</u>
Deferred outflows of resources						
Unamortized deferred charges	54,724	65,855	-	-	54,724	65,855
Pension	2,873,929	3,287,155	271,754	343,536	3,145,683	3,630,691
OPEB	<u>378,113</u>	<u>530,901</u>	<u>22,357</u>	<u>49,778</u>	<u>400,470</u>	<u>580,679</u>
Total deferred outflows of resources	<u>3,306,766</u>	<u>3,883,911</u>	<u>294,111</u>	<u>393,314</u>	<u>3,600,877</u>	<u>4,277,225</u>
Liabilities						
Current liabilities	601,111	561,290	512,385	511,725	1,113,496	1,073,015
Long-term liabilities:						
Due within one year	786,107	721,137	283,515	254,519	1,069,622	975,656
Net pension liability	8,310,974	8,187,285	776,190	805,310	9,087,164	8,992,595
Net OPEB liability	439,264	461,572	-	16,337	439,264	477,909
Other amounts	<u>3,645,235</u>	<u>3,925,931</u>	<u>1,791,682</u>	<u>1,891,730</u>	<u>5,436,917</u>	<u>5,817,661</u>
Total liabilities	<u>13,782,691</u>	<u>13,857,215</u>	<u>3,363,772</u>	<u>3,479,621</u>	<u>17,146,463</u>	<u>17,336,836</u>
Deferred inflows of resources						
Property taxes and PILOTs	863,896	931,053	-	-	863,896	931,053
Leases	-	965	-	-	-	965
Pension	354,190	522,955	1,190	4,311	355,380	527,266
OPEB	<u>442,328</u>	<u>469,241</u>	<u>16,481</u>	<u>5,854</u>	<u>458,809</u>	<u>475,095</u>
Total deferred inflows of resources	<u>1,660,414</u>	<u>1,924,214</u>	<u>17,671</u>	<u>10,165</u>	<u>1,678,085</u>	<u>1,934,379</u>
Net Position						
Net investment in capital assets	17,575,265	17,267,010	10,894,879	10,595,645	28,470,144	27,862,655
Restricted	3,011,763	2,240,310	25,598	849	3,037,361	2,241,159
Unrestricted	<u>4,905,604</u>	<u>5,220,759</u>	<u>9,677,168</u>	<u>8,867,462</u>	<u>14,582,772</u>	<u>14,088,221</u>
Total net position	<u>\$ 25,492,632</u>	<u>\$ 24,728,079</u>	<u>\$ 20,597,645</u>	<u>\$ 19,463,956</u>	<u>\$ 46,090,277</u>	<u>\$ 44,192,035</u>

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, the City's total assets and deferred outflows exceeded liabilities and deferred inflows by \$46,090,277. At year-end, net positions were \$25,492,632 and \$20,597,645 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 55.05% of total assets. Capital assets include land, easements, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and intangible right to use assets. Net investment in capital assets at December 31, 2024, were \$17,575,265 and \$10,894,879 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2024, the City is able to report negative/positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$3,037,361, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$14,582,772 may be used to meet the City's ongoing obligations to citizens and creditors.

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CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

During 2024, the City implemented GASB Statement No. 101 (see Note 3). For the table below, the implementation has been reported as a change in accounting principle. The table below shows the changes in net position for 2024 and 2023.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services and sales	\$ 362,187	\$ 381,356	\$ 4,706,102	\$ 4,617,453	\$ 5,068,289	\$ 4,998,809
Operating grants and contributions	678,989	975,673	-	-	678,989	975,673
Capital grants and contributions	1,472	160,756	211,417	150,000	212,889	310,756
Total program revenues	<u>1,042,648</u>	<u>1,517,785</u>	<u>4,917,519</u>	<u>4,767,453</u>	<u>5,960,167</u>	<u>6,285,238</u>
General revenues:						
Property taxes	639,799	486,729	-	-	639,799	486,729
Income taxes	8,360,595	7,049,204	-	-	8,360,595	7,049,204
Unrestricted grants	201,657	215,624	-	-	201,657	215,624
Payments in lieu of taxes	937,324	568,932	-	-	937,324	568,932
Investment earnings	739,644	676,361	-	-	739,644	676,361
Miscellaneous	99,136	89,741	31,630	65,194	130,766	154,935
Total general revenues	<u>10,978,155</u>	<u>9,086,591</u>	<u>31,630</u>	<u>65,194</u>	<u>11,009,785</u>	<u>9,151,785</u>
Total revenues	<u>12,020,803</u>	<u>10,604,376</u>	<u>4,949,149</u>	<u>4,832,647</u>	<u>16,969,952</u>	<u>15,437,023</u>
Expenses:						
General government	3,446,866	2,381,221	-	-	3,446,866	2,381,221
Security of persons and property	4,349,701	3,855,854	-	-	4,349,701	3,855,854
Public health and welfare	3,836	5,197	-	-	3,836	5,197
Transportation	2,109,312	3,011,035	-	-	2,109,312	3,011,035
Community environment	54,307	89,747	-	-	54,307	89,747
Leisure time activity	422,075	32,851	-	-	422,075	32,851
Interest	75,326	90,973	-	-	75,326	90,973
Water	-	-	1,369,750	1,204,835	1,369,750	1,204,835
Sewer	-	-	2,613,774	2,733,843	2,613,774	2,733,843
Total expenses	<u>10,461,423</u>	<u>9,466,878</u>	<u>3,983,524</u>	<u>3,938,678</u>	<u>14,444,947</u>	<u>13,405,556</u>
Transfers	<u>(310,156)</u>	<u>(163,768)</u>	<u>310,156</u>	<u>163,768</u>	<u>-</u>	<u>-</u>
Change in net position	1,249,224	973,730	1,275,781	1,057,737	2,525,005	2,031,467
Net position as previously reported	24,728,079	23,754,349	19,463,956	18,406,219	44,192,035	42,160,568
Restatement - change in accounting principle	<u>(484,671)</u>	<u>-</u>	<u>(142,092)</u>	<u>-</u>	<u>(626,763)</u>	<u>-</u>
Net position at beginning of year (restated)	<u>24,243,408</u>	<u>23,754,349</u>	<u>19,321,864</u>	<u>18,406,219</u>	<u>43,565,272</u>	<u>42,160,568</u>
Net position at end of year	<u>\$ 25,492,632</u>	<u>\$ 24,728,079</u>	<u>\$ 20,597,645</u>	<u>\$ 19,463,956</u>	<u>\$ 46,090,277</u>	<u>\$ 44,192,035</u>

Governmental Activities

Governmental activities net position increased \$1,249,224 in 2024. Overall, revenues and expenses increased, and revenue still exceeded expenses. Total governmental expenses increased \$994,545 from 2023 to 2024.

Security of persons and property, which primarily supports the operations of the police department, accounted for \$4,349,701 of the total expenses of the City. These expenses were partially funded by \$218,563 in direct charges to users of the services. Transportation expenses totaled \$2,109,312. Transportation expenses were partially funded by \$668,778 in operating grants and contributions and \$1,472 in capital grants and contributions.

CITY OF ONTARIO, OHIO

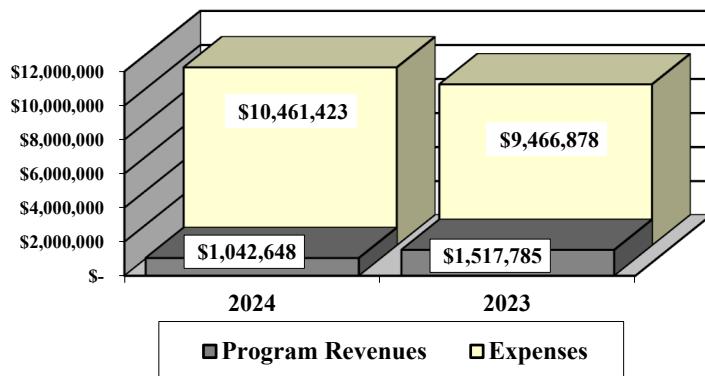
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The state and federal government contributed to the City \$680,461 in operating and capital grants and contributions. These revenues are restricted to a particular program or purpose. In 2024, operating grants and contributions subsidized general government and transportation programs and capital grants and contributions subsidized transportation programs.

General revenues totaled \$10,978,155 and amounted to 91.33% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$9,000,394. Another primary source of general revenue is payments in lieu of taxes of \$937,324. The other primary source of general revenues is investment earnings making up \$739,644.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the following graph, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



Governmental Activities

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
	2024	2024	2023	2023
Program Expenses:				
General government	\$ 3,446,866	\$ 3,298,430	\$ 2,381,221	\$ 2,136,927
Security of persons and property	4,349,701	4,131,138	3,855,854	3,672,097
Public health and welfare	3,836	(1,563)	5,197	(516)
Transportation	2,109,312	1,439,062	3,011,035	2,108,826
Community environment	54,307	54,307	89,747	89,747
Leisure time activity	422,075	422,075	32,851	(148,961)
Interest	75,326	75,326	90,973	90,973
Total Expenses	\$ 10,461,423	\$ 9,418,775	\$ 9,466,878	\$ 7,949,093

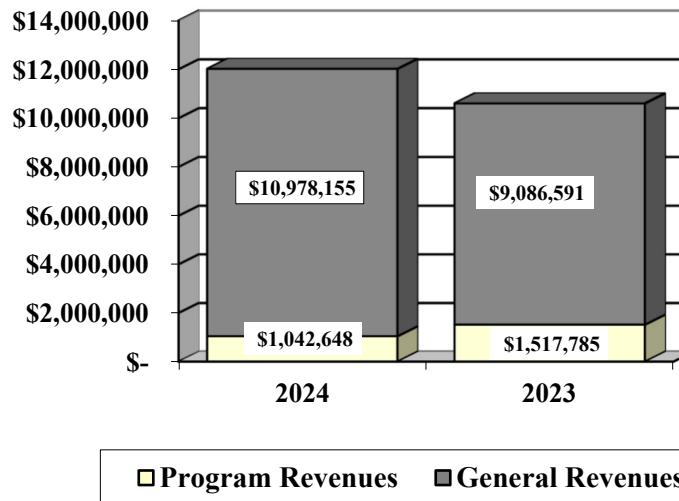
The dependence upon general revenues for governmental activities is apparent, with 90.03% of expenses supported through taxes and other general revenues in 2024.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The chart below illustrates the City's general revenues and program revenues for 2024 and 2023.

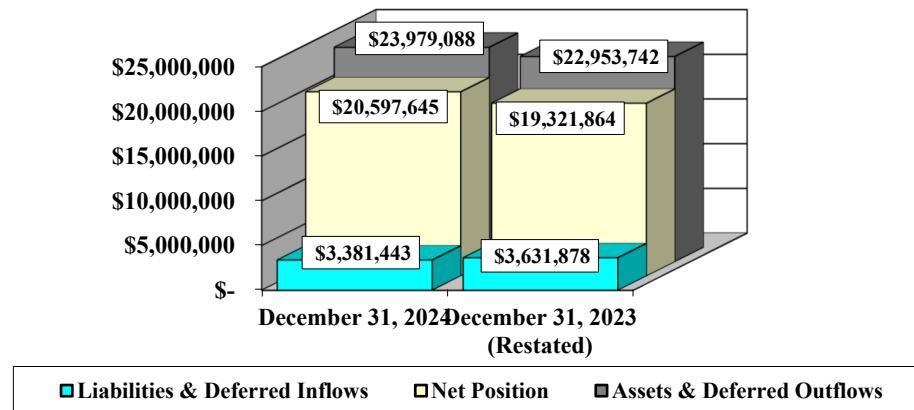
Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the water and sewer enterprise funds. These programs had program revenues of \$4,917,519, general revenues of \$31,630, transfers in of \$310,156 and expenses of \$3,983,524 for 2024. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows, and net position at year-end. The amounts at December 31, 2023 were restated as described in Note 3.

Net Position in Business-Type Activities



CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$13,784,815 which is \$1,122,006 higher than last year's total of \$12,662,809.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2024, and 2023 for all major and nonmajor governmental funds.

	Fund Balances	Fund Balances	<u>Change</u>
	<u>12/31/24</u>	<u>12/31/23</u>	
Major funds:			
General	\$ 6,728,791	\$ 7,043,888	\$ (315,097)
35% Street Construction	2,183,462	1,868,692	314,770
Tax Increment	761,431	474,521	286,910
Other nonmajor governmental funds	<u>4,111,131</u>	<u>3,275,708</u>	<u>835,423</u>
Total	<u>\$ 13,784,815</u>	<u>\$ 12,662,809</u>	<u>\$ 1,122,006</u>

General Fund

The City's general fund balance decreased \$315,097. The table that follows assists in illustrating the revenues of the general fund.

<u>Revenues</u>	<u>2024</u>	<u>2023</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
Taxes	\$ 6,068,974	\$ 5,507,460	10.20 %
Licenses, permits and fees	330,113	303,459	8.78 %
Intergovernmental	159,162	184,957	(13.95) %
Investment income and fair value adjustment	726,580	649,833	11.81 %
Rental income	13,630	42,011	(67.56) %
Other	<u>33,122</u>	<u>67,916</u>	<u>(51.23) %</u>
Total	<u>\$ 7,331,581</u>	<u>\$ 6,755,636</u>	<u>8.53 %</u>

Tax revenue represents 82.78% of all general fund revenue. Investment income increased \$76,747 or 11.81% as a result of the fair value adjustment recorded at December 31, 2024 due to market fluctuation. Rental income and other revenues decreased \$28,381 or 67.56% and \$34,794 or 51.23%, due to a rental agreement ending in March and miscellaneous revenue decreases, respectively.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The table that follows assists in illustrating the expenditures of the general fund.

	2024	2023	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
General government	\$ 2,330,096	\$ 1,857,745	25.43 %
Security of persons and property	3,752,654	3,270,480	14.74 %
Transportation	10,000	5,000	100.00 %
Community environment	48,190	87,390	(44.86) %
Leisure time activity	280,284	58,044	382.88 %
Capital outlay	30,672	299,888	(89.77) %
Debt service	<u>77,778</u>	<u>81,615</u>	(4.70) %
Total	<u>\$ 6,529,674</u>	<u>\$ 5,660,162</u>	15.36 %

The largest expenditure line items are security of persons and property and general government. These two expenditures account for 93.16% of total general fund expenditures. The increase in general government expenditures is largely a result of a loss on the sale of assets held for resale. Leisure time activity expenditures increased \$222,240 or 382.88% due to increased expenditures for the Parks Department. Capital outlay expenditures decreased \$269,216 or 89.77% due to completed projects during 2024.

35% Street Construction Fund

The 35% street construction fund had revenues and other financing sources of \$1,937,721 in 2024. The expenditures of the 35% street construction fund totaled \$1,622,951 in 2024. The net increase in fund balance for the 35% street construction fund was \$314,770 or 16.84%.

Tax Increment Fund

The tax increment fund had revenues of \$663,167 in 2024. The expenditures and other financing uses of the tax increment fund totaled \$376,257 in 2024. The net increase in fund balance for the tax increment fund was \$286,910 or 60.46%.

Budgeting Highlights - General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated resources certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

In the general fund, original budgeted and final budgeted revenues were \$6,405,000. Actual revenues and other financing sources of \$8,291,813 were \$1,886,813 more than the original and final budgeted revenues. Original budgeted expenditures and other financing uses were \$6,824,061. Final budgeted expenditures and other financing sources were \$7,004,771. Actual expenditures and other financing uses of \$7,105,766 were \$100,995 higher than final budgeted expenditures and other financing uses.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The City's proprietary funds, as presented on the statement of net position, reported a combined net position of \$20,647,569 which is \$1,294,028 more than last year's restated total of \$19,353,541.

The table below indicates the net position and the total change in net position as of December 31, 2024 and 2023 for all proprietary funds. The net position at December 31, 2023 was restated as described in Note 3.

	Net Position 12/31/2024	Restated	
		Net Position 12/31/2023	Change
Major funds:			
Water	\$ 6,551,518	\$ 6,429,657	\$ 121,861
Sewer	<u>\$ 14,096,051</u>	<u>\$ 12,923,884</u>	<u>\$ 1,172,167</u>
Total	<u>\$ 20,647,569</u>	<u>\$ 19,353,541</u>	<u>\$ 1,294,028</u>

Water

Net position of the City's water fund increased \$121,861 or 1.90% during 2024 from the restated net position of \$6,429,657 to \$6,551,518. The water fund had operating revenues of \$1,162,535 and operating expenses of \$1,348,255. The water fund had \$211,417 in capital contributions, transfers in of \$111,240, and \$15,076 of non-operating expenses. The increase in net position is primarily the result of the operating revenues and capital contributions exceeding operating expenses during 2024.

Sewer

Net position of the City's sewer fund increased \$1,172,167 or 9.07% during 2024 from the restated net position of \$12,923,884 to \$14,096,051. The sewer fund had operating revenues of \$3,575,197 and operating expenses of \$2,591,659. The sewer fund had \$10,287 in non-operating expense and transfers in of \$198,916. The increase in net position is primarily the result of the direct charges for services exceeding operating expenses during 2024.

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the City had \$33,751,144 (net of accumulated depreciation/amortization) invested in land, easements, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. Of this total, \$20,909,976 was reported in governmental activities and \$12,841,168 was reported in business-type activities.

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CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Capital Assets at December 31
(Net of Depreciation/Amortization)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 2,492,488	\$ 2,492,488	\$ 338,131	\$ 338,131	\$ 2,830,619	\$ 2,830,619
Easements	19,705	19,705	-	-	19,705	19,705
Construction in progress	141,980	119,162	91,328	114,718	233,308	233,880
Land improvements	1,860,145	2,000,934	12,760	14,004	1,872,905	2,014,938
Buildings and improvements	1,689,967	1,787,475	2,847,560	2,863,251	4,537,527	4,650,726
Furniture and equipment	1,544,975	1,486,817	627,939	673,855	2,172,914	2,160,672
Vehicles	415,256	393,453	-	-	415,256	393,453
Infrastructure	12,533,331	12,633,524	8,923,450	8,612,067	21,456,781	21,245,591
Intangible right to use assets:						
Leased equipment	26,459	38,119	-	-	26,459	38,119
SBITA	185,670	238,718	-	-	185,670	238,718
Totals	<u>\$ 20,909,976</u>	<u>\$ 21,210,395</u>	<u>\$ 12,841,168</u>	<u>\$ 12,616,026</u>	<u>\$ 33,751,144</u>	<u>\$ 33,826,421</u>

The City's largest governmental activities capital asset category is infrastructure which includes roads and bridges. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 59.94% of the City's total governmental capital assets. For governmental activities, the most significant capital asset activity during the year primarily involved infrastructure additions and construction projects, including, but not limited to, street paving and an on-going abandoned gas station restoration, which is the only still ongoing project and reported as construction in progress (CIP).

The City's largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 69.49% of the City's total business-type capital assets.

See Note 11 to the basic financial statements for additional information on the City's capital assets.

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CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2024 and 2023.

	Governmental activities	
	2024	2023
General obligation bonds	\$ 3,047,000	\$ 3,498,000
Leases payable	28,029	39,646
SBITA payable	159,345	238,719
Notes payable	7,547	95,775
Total long-term obligations	<u><u>\$ 3,241,921</u></u>	<u><u>\$ 3,872,140</u></u>
	Business-type activities	
	2024	2023
OPWC loans	\$ 757,562	\$ 622,260
OWDA loan	84,320	126,480
General obligation bonds	975,000	1,130,000
Notes payable	6,299	9,625
Total long-term obligations	<u><u>\$ 1,823,181</u></u>	<u><u>\$ 1,888,365</u></u>

See Note 12 to the basic financial statements for additional information on the City's long-term obligations.

Economic Conditions and Outlook

The City of Ontario strives to create a business-friendly environment for both existing and new businesses. Regardless if the type of business is manufacturing, healthcare, energy, service or retail-oriented, the area offers unique advantages to benefit the business. The City thrives as the retail center of Richland County and draws regionally from a five-county area. Ontario is located conveniently between Columbus and Cleveland, with several main routes in and out of the city offering easy access to all directions. The City also is beneficially located to take advantage of three major airports: Cleveland, Columbus, and Akron-Canton. The City is now home to approximately 6,700 residents.

In 2018, the City acquired the former General Motors complex, consisting of 267 acres. It has been noted that few if any other locations this size exist in the entire state of Ohio that have this type of infrastructure access and amenities for industrial redevelopment. In 2019 major infrastructure improvements were made to the site and it is now being marketed as the Ontario Commerce Park. This prime property, which has rail access as well as convenient access to major highways, offers opportunities and great potential for businesses. Ontario offers several economic development tools to attract business and industry. The Job Creation Tax Credit (JCTC) pursuant to Ohio law may be offered to entities who agree to make a capital investment to create and/or retain jobs. Additionally, the City actively promotes economic development by offering retention and expansion support and assistance for those businesses already located in the community. The Ohio Community Reinvestment Area program provides property tax exemptions for property owners who renovate existing or construct new buildings. These programs are designed to help offset the high cost of business start-up activities as well as assist existing businesses to grow and remain competitive in the long-term. In 2020, revitalization at the Ontario Commerce Park started strong. A developer signed an agreement purchasing six acres of land and a building, with the option to buy the property in stages. The developer invested \$3.3 million transforming the building to accommodate Charter Next Generation, who is leasing the building to make specialty bags. Production began in 2021.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The construction of a second facility is complete for Charter Next Generation with the plan for the manufacturer to have almost 135,000 square feet of space to operate and create 300 full-time jobs in three years. The two companies are also working on building another 250,000 square-foot facility. In total, the developer is planning to invest almost \$20 million in renovating/building new facilities and Charter Next Generation will invest \$67 million the next three years in the expansion.

The City takes pride in its exquisitely maintained 135-acre park system and continues to make improvements by adding playground equipment and pickle ball courts. In 2022, the \$2.5 million Marshall Park project was completed encompassing a new spray-park splashpad, inclusive playground, and new turf and lights for the baseball/softball complex. The Maize Memorial Dog Park has become very popular while drawing visitors from several counties. Adjacent to the dog park, is a challenging 18-hole disc-golf course along with the soccer fields. The City was also able to continue the annual paving project and made numerous enhancements to the infrastructure. Marketing and development continue for the Ontario Triangle complex which features the TownePlace Suites by Marriott. This 86-room extended-stay hotel, in conjunction with the City, developed 67 acres of excellent retail property. Adjoining this property is a 4-story, 99-room Holiday Inn Express which opened in 2023.

The former Lazarus building at the Richland Mall was purchased by Avita Health System and opened "Avita Ontario", a state-of-the-art multi-specialty medical facility in the fall of 2014. The medical center offers primary care providers and medical specialists surrounded by specialty service lines such as outpatient diagnostic and treatment services including lab, imaging, endoscopy, pharmacy and forensic services. The health care complex continued to build up the 17-acre lot in phases, with Phase 2, a 23-bed emergency department with helipad, surgery care, inpatient hospital beds and critical care unit, opening in 2017. The cardiology services also expanded to include a cardiac catheterization lab and cardiac rehabilitation area. This phase totaled \$26 million covering 94,000 square feet and created 350 new jobs. In 2022 the hospital introduced the \$15 million 3rd Phase, developing the second floor which includes an 11-suite maternity unit, nursery, two operating rooms, inpatient units, an additional medical/surgical unit and intensive-care unit to meet the needs of the community adding 100 jobs. In October 2020, Avita purchased the former Sears property at the Richland Mall, which consisted of a vacant two-story building and a freestanding automotive center situated on 17 acres of land. This 102,149 square-foot addition allows for convenient patient access and continues the expansion of services, clinic space and administrative needs. Avita invested \$11 million in the "Ontario South Campus" and opened in January adding 15 new jobs. The facility features a walk-in clinic, pharmacy, medical offices, a dietician's office, x-ray and lab draw stations. 50 to 60 new jobs are anticipated when all the offices are filled and the second floor's 52,000 square feet are renovated.

The City is staying motivated and energized for changes in the area. Construction on the Beer Road Industrial Park roadway is complete enabling FedEx to develop more than 31 acres and build a \$10 million 165,000 square foot packaging and distribution center. In cooperation with the Richland Community Development Group, the City works to attract new business. The Department of Zoning reported more than \$15 million in new construction, alterations, and additions, with 9 new businesses opening in 2024.

The Ohio State University branch's Molyet Village Apartments, which can house 197, are nearly filled by students living on campus. In addition, three of the five additional on-campus student housing units, "Buckeye Village", are completed. The complex is located on Lexington-Springmill Road north of Meijer's. OSU and North Central State College, which share the campus, relocated the main entrance for easier access to the retail area/business district, what campus leaders call the Gateway project. This demonstrates the dedication both colleges have to our community and we look forward to continuing this partnership. The City extended the sidewalks approximately one mile to this "Campus District". The goal is to have a walkable community with a "town center" concept.

Ontario has a very promising future. Working hand-in-hand with the Richland Community Development Group, we believe that the City will see great progress. The addition of new businesses and the development of the industrial parks, show that Ontario is a great place to live, work, raise a family and grow a business. Ontario has a strong past and a bright future.

CITY OF ONTARIO, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City'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 City Auditor, City of Ontario, 555 Stumbo Road, Ontario, Ohio 44906. www.ontarioohio.org <https://youtu.be/yzSKgxq-gTs>

**BASIC
FINANCIAL STATEMENTS**

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CITY OF ONTARIO, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 12,833,870	\$ 10,307,042	\$ 23,140,912
Cash in segregated accounts	12,052	-	12,052
Receivables (net of allowance for uncollectibles)			
Income taxes	1,975,376	-	1,975,376
Real and other local taxes	407,497	-	407,497
Accounts	50,430	373,478	423,908
Special assessments	13,275	-	13,275
Accrued interest	88,866	-	88,866
Intergovernmental	300,416	-	300,416
Payment in lieu of taxes (PILOTS)	509,771	-	509,771
Prepayments	116,432	2,626	119,058
Materials and supplies inventory	278,686	184,989	463,675
Net pension asset	478	148	626
Net OPEB asset	81,922	25,450	107,372
Internal balance	49,924	(49,924)	-
Capital assets:			
Nondepreciable/amortized assets	2,654,173	429,459	3,083,632
Depreciable/amortized capital assets, net	18,255,803	12,411,709	30,667,512
Total capital assets, net	<u>20,909,976</u>	<u>12,841,168</u>	<u>33,751,144</u>
Total assets	<u>37,628,971</u>	<u>23,684,977</u>	<u>61,313,948</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	54,724	-	54,724
Pension	2,873,929	271,754	3,145,683
OPEB	378,113	22,357	400,470
Total deferred outflows of resources	<u>3,306,766</u>	<u>294,111</u>	<u>3,600,877</u>
Liabilities:			
Accounts payable	50,553	18,409	68,962
Contracts payable	-	7,317	7,317
Accrued wages and benefits payable	193,006	23,866	216,872
Intergovernmental payable	92,414	459,596	552,010
Accrued interest payable	6,570	3,197	9,767
Claims payable	209,491	-	209,491
Deposits payable	49,077	-	49,077
Long-term liabilities:			
Due within one year	786,107	283,515	1,069,622
Net pension liability	8,310,974	776,190	9,087,164
Net OPEB liability	439,264	-	439,264
Other amounts due in more than one year	3,645,235	1,791,682	5,436,917
Total liabilities	<u>13,782,691</u>	<u>3,363,772</u>	<u>17,146,463</u>
Deferred inflows of resources:			
Property taxes and PILOTS levied for the next fiscal year	863,896	-	863,896
Pension	354,190	1,190	355,380
OPEB	442,328	16,481	458,809
Total deferred inflows of resources	<u>1,660,414</u>	<u>17,671</u>	<u>1,678,085</u>
Net position:			
Net investment in capital assets	17,575,265	10,894,879	28,470,144
Restricted for:			
Debt service	17,061	-	17,061
Transportation improvement projects	1,936,259	-	1,936,259
Police programs	10,463	-	10,463
Tax increment financing	761,431	-	761,431
Court computerization	22,665	-	22,665
Cemetery	49,091	-	49,091
Pension & OPEB	82,400	25,598	107,998
Other purposes	132,393	-	132,393
Unrestricted	<u>4,905,604</u>	<u>9,677,168</u>	<u>14,582,772</u>
Total net position	<u><u>\$ 25,492,632</u></u>	<u><u>\$ 20,597,645</u></u>	<u><u>\$ 46,090,277</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Expenses	Program Revenues			Capital Grants and Contributions
		Charges for Services and Sales	Operating Grants and Contributions		
Governmental activities:					
General government	\$ 3,446,866	\$ 138,225	\$ 10,211	\$ -	-
Security of persons and property	4,349,701	218,563	-	-	-
Public health and welfare	3,836	5,399	-	-	-
Transportation	2,109,312	-	668,778	1,472	
Community environment	54,307	-	-	-	-
Leisure time activity	422,075	-	-	-	-
Interest	75,326	-	-	-	-
Total governmental activities	<u>10,461,423</u>	<u>362,187</u>	<u>678,989</u>	<u>1,472</u>	
Business-type activities:					
Water	1,369,750	1,162,317	-	-	-
Sewer	<u>2,613,774</u>	<u>3,543,785</u>	<u>-</u>	<u>-</u>	
Total business-type activities	<u>3,983,524</u>	<u>4,706,102</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>\$ 14,444,947</u>	<u>\$ 5,068,289</u>	<u>\$ 678,989</u>	<u>\$ 1,472</u>	

General revenues:

Property taxes levied for:

General purposes
Police pension
Capital outlay

Income taxes levied for:

General purposes
Special revenue
Capital projects

Grants and entitlements not restricted
to specific programs
Payments in lieu of taxes
Investment earnings
Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as previously reported

Restatement - change in accounting principle

Net position at beginning of year, restated

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (3,298,430)	\$ -	\$ (3,298,430)
(4,131,138)	-	(4,131,138)
1,563	-	1,563
(1,439,062)	-	(1,439,062)
(54,307)	-	(54,307)
(422,075)	-	(422,075)
(75,326)	-	(75,326)
<u>(9,418,775)</u>	<u>-</u>	<u>(9,418,775)</u>
-	(207,433)	(207,433)
<u>-</u>	<u>930,011</u>	<u>930,011</u>
<u>-</u>	<u>722,578</u>	<u>722,578</u>
<u>(9,418,775)</u>	<u>722,578</u>	<u>(8,696,197)</u>
561,111	-	561,111
30,487	-	30,487
48,201	-	48,201
5,692,833	-	5,692,833
1,907,466	-	1,907,466
760,296	-	760,296
201,657	-	201,657
937,324	-	937,324
739,644	-	739,644
99,136	<u>31,630</u>	<u>130,766</u>
<u>10,978,155</u>	<u>31,630</u>	<u>11,009,785</u>
<u>(310,156)</u>	<u>521,573</u>	<u>211,417</u>
<u>10,667,999</u>	<u>553,203</u>	<u>11,221,202</u>
1,249,224	1,275,781	2,525,005
24,728,079	19,463,956	44,192,035
<u>(484,671)</u>	<u>(142,092)</u>	<u>(626,763)</u>
<u>24,243,408</u>	<u>19,321,864</u>	<u>43,565,272</u>
<u>\$ 25,492,632</u>	<u>\$ 20,597,645</u>	<u>\$ 46,090,277</u>

CITY OF ONTARIO, OHIO

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	35% Street Construction	Tax Increment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 6,064,305	\$ 2,012,970	\$ 761,431	\$ 3,995,164	\$ 12,833,870
Cash in segregated accounts	11,284	-	-	768	12,052
Receivables (net of allowance for uncollectibles):					
Income taxes	1,351,139	449,876	-	174,361	1,975,376
Real and other local taxes	328,748	-	-	78,749	407,497
Accounts	18,987	-	-	31,443	50,430
Accrued interest	88,866	-	-	-	88,866
Special assessments	-	-	-	13,275	13,275
Intergovernmental	64,294	-	-	236,122	300,416
Payments in lieu of taxes (PILOTs)	-	-	370,171	139,600	509,771
Interfund loans	220,000	-	-	-	220,000
Due from other funds	120,231	-	-	1,823	122,054
Prepayments	112,886	-	-	3,546	116,432
Materials and supplies inventory	9,593	58,740	-	210,353	278,686
Total assets	<u>\$ 8,390,333</u>	<u>\$ 2,521,586</u>	<u>\$ 1,131,602</u>	<u>\$ 4,885,204</u>	<u>\$ 16,928,725</u>
Liabilities:					
Accounts payable	\$ 11,568	\$ -	\$ -	\$ 15,001	\$ 26,569
Accrued wages and benefits payable	166,292	26,714	-	-	193,006
Intergovernmental payable	72,202	13,954	-	6,258	92,414
Interfund loans payable	-	-	-	220,000	220,000
Due to other funds	-	-	-	1,823	1,823
Claims payable	1,921	-	-	-	1,921
Deposits payable	49,077	-	-	-	49,077
Total liabilities	<u>301,060</u>	<u>40,668</u>	<u>-</u>	<u>243,082</u>	<u>584,810</u>
Deferred inflows of resources:					
Property taxes and PILOTs levied for the next fiscal year	298,420	-	370,171	195,305	863,896
Delinquent property tax revenue not available	28,748	-	-	5,366	34,114
Accrued interest not available	64,176	-	-	-	64,176
Special assessments revenue not available	-	-	-	13,275	13,275
Income tax revenue not available	886,027	297,456	-	115,287	1,298,770
Miscellaneous revenue not available	18,817	-	-	-	18,817
Intergovernmental revenue not available	64,294	-	-	201,758	266,052
Total deferred inflows of resources	<u>1,360,482</u>	<u>297,456</u>	<u>370,171</u>	<u>530,991</u>	<u>2,559,100</u>
Fund balances:					
Nonspendable	122,479	58,740	-	213,899	395,118
Restricted	-	-	761,431	1,913,343	2,674,774
Committed	-	2,124,722	-	1,983,889	4,108,611
Assigned	1,161,017	-	-	-	1,161,017
Unassigned	5,445,295	-	-	-	5,445,295
Total fund balances	<u>6,728,791</u>	<u>2,183,462</u>	<u>761,431</u>	<u>4,111,131</u>	<u>13,784,815</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,390,333</u>	<u>\$ 2,521,586</u>	<u>\$ 1,131,602</u>	<u>\$ 4,885,204</u>	<u>\$ 16,928,725</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

Total governmental fund balances	\$ 13,784,815
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,909,976
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.	
Real and other local taxes receivable	\$ 34,114
Income taxes receivable	1,298,770
Accrued interest receivable	64,176
Special assessments receivable	13,275
Intergovernmental receivable	266,052
Accounts receivable	<u>18,817</u>
Total	1,695,204
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal service fund, including an internal balance of \$49,924, is:	(301,861)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.	54,724
Unamortized bond premiums are not recognized in the governmental funds.	(155,061)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, the liability and related deferred inflows/outflows of resources are not reported in governmental funds.	
Net pension asset	478
Deferred outflows of resources	2,873,929
Deferred inflows of resources	(354,190)
Net pension liability	<u>(8,310,974)</u>
Total	(5,790,757)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, the liability and related deferred inflows/outflows of resources are not reported in governmental funds.	
Net OPEB asset	81,922
Deferred outflows of resources	378,113
Deferred inflows of resources	(442,328)
Net OPEB liability	<u>(439,264)</u>
Total	(421,557)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(6,570)
Compensated absences payable	(1,034,360)
Leases payable	(28,029)
SBITA payable	(159,345)
Notes payable	(7,547)
General obligation bonds payable	<u>(3,047,000)</u>
Total	<u>(4,282,851)</u>
Net position of governmental activities	<u>\$ 25,492,632</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	35% Street Construction	Tax Increment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	\$ 5,525,264	\$ 1,851,211	\$ -	\$ 725,245	\$ 8,101,720
Real and other local taxes	543,710	-	-	75,440	619,150
Charges for services	-	-	-	5,399	5,399
Licenses, permits and fees	330,113	-	-	14,819	344,932
Intergovernmental	159,162	-	-	682,409	841,571
Payments in lieu of taxes	-	-	663,167	274,157	937,324
Investment income and fair value adjustment	726,580	-	-	33,726	760,306
Rental income	13,630	-	-	-	13,630
Other	33,122	30,611	-	73,803	137,536
Total revenues	7,331,581	1,881,822	663,167	1,884,998	11,761,568
Expenditures:					
Current:					
General government	2,330,096	-	240,057	110,337	2,680,490
Security of persons and property	3,752,654	-	-	389,832	4,142,486
Public health and welfare	-	-	-	3,836	3,836
Transportation	10,000	1,542,311	-	306,074	1,858,385
Community environment	48,190	-	-	-	48,190
Leisure time activity	280,284	-	-	2,828	283,112
Capital outlay	30,672	-	-	586,110	616,782
Debt service:					
Principal retirement	72,881	78,248	-	451,000	602,129
Interest	4,897	2,392	-	86,707	93,996
Total expenditures	6,529,674	1,622,951	240,057	1,936,724	10,329,406
Excess (deficiency) of revenues over (under) expenditures	801,907	258,871	423,110	(51,726)	1,432,162
Other financing sources (uses):					
Transfers in	2,996	55,899	-	890,145	949,040
Transfers (out)	(1,120,000)	-	(136,200)	(2,996)	(1,259,196)
Total other financing sources (uses)	(1,117,004)	55,899	(136,200)	887,149	(310,156)
Net change in fund balances	(315,097)	314,770	286,910	835,423	1,122,006
Fund balances at beginning of year	7,043,888	1,868,692	474,521	3,275,708	12,662,809
Fund balances at end of year	\$ 6,728,791	\$ 2,183,462	\$ 761,431	\$ 4,111,131	\$ 13,784,815

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net change in fund balances - total governmental funds	\$ 1,122,006
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Capital asset additions	\$ 1,331,098
Current year depreciation/amortization	<u>(1,631,517)</u>
Total	(300,419)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real and other local taxes	20,649
Income taxes	258,875
Investment income	12,845
Special assessments	237
Intergovernmental revenues	(31,579)
Charges for service	<u>(2,011)</u>
Total	259,016
Repayment of bond, note, lease, and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
	602,129
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported on the statement of activities:	
Change in accrued interest	2,146
Amortization of bond premium	27,655
Amortization of deferred amounts on refunding	<u>(11,131)</u>
Total	18,670
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.	
Pension	611,061
OPEB	11,651
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.	
Pension	(981,666)
OPEB	(33,296)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	70,613
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities, net of \$18,247 allocated to the business-type activities.	
	<u>(130,541)</u>
Change in net position of governmental activities	<u>\$ 1,249,224</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
				Service Fund
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 2,485,800	\$ 7,821,242	\$ 10,307,042	\$ -
Receivables (net of allowance for uncollectibles):				
Accounts	89,197	284,281	373,478	-
Materials and supplies inventory	170,486	14,503	184,989	-
Prepayments	1,678	948	2,626	-
Total current assets	<u>2,747,161</u>	<u>8,120,974</u>	<u>10,868,135</u>	-
Noncurrent assets:				
Net pension asset	89	59	148	-
Net OPEB asset	15,314	10,136	25,450	-
Capital assets:				
Land and construction in progress	262,626	166,833	429,459	-
Depreciable capital assets, net	4,805,835	7,605,874	12,411,709	-
Total capital assets, net	<u>5,068,461</u>	<u>7,772,707</u>	<u>12,841,168</u>	-
Total noncurrent assets	<u>5,083,864</u>	<u>7,782,902</u>	<u>12,866,766</u>	-
Total assets	<u>7,831,025</u>	<u>15,903,876</u>	<u>23,734,901</u>	-
Deferred outflows of resources:				
Pension	171,940	99,814	271,754	-
OPEB	13,453	8,904	22,357	-
Total deferred outflows of resources	<u>185,393</u>	<u>108,718</u>	<u>294,111</u>	-
Total assets and deferred outflows of resources	<u>8,016,418</u>	<u>16,012,594</u>	<u>24,029,012</u>	-
Liabilities:				
Current liabilities:				
Accounts payable	12,327	6,082	18,409	23,984
Contracts payable	-	7,317	7,317	-
Accrued wages and benefits payable	14,526	9,340	23,866	-
Due to other funds	-	-	-	120,231
Intergovernmental payable	7,742	451,854	459,596	-
Accrued interest payable	2,131	1,066	3,197	-
Compensated absences payable - current	14,751	16,258	31,009	-
General obligation bonds payable - current	135,000	25,000	160,000	-
OWDA loans payable - current	-	42,160	42,160	-
OPWC loans payable - current	5,880	38,167	44,047	-
Notes payable - current	-	6,299	6,299	-
Claims payable	-	-	-	207,570
Total current liabilities	<u>192,357</u>	<u>603,543</u>	<u>795,900</u>	<u>351,785</u>
Long-term liabilities:				
Compensated absences payable	32,590	66,327	98,917	-
General obligation bonds payable	515,000	300,000	815,000	-
OWDA loans payable	-	42,160	42,160	-
OPWC loans payable	167,590	545,925	713,515	-
Unamortized premium on bonds	80,030	42,060	122,090	-
Net pension liability	467,051	309,139	776,190	-
Total long-term liabilities	<u>1,262,261</u>	<u>1,305,611</u>	<u>2,567,872</u>	-
Total liabilities	<u>1,454,618</u>	<u>1,909,154</u>	<u>3,363,772</u>	<u>351,785</u>
Deferred inflows of resources:				
Pension	-	1,190	1,190	-
OPEB	10,282	6,199	16,481	-
Total deferred inflows of resources	<u>10,282</u>	<u>7,389</u>	<u>17,671</u>	-
Net position:				
Net investment in capital assets	4,164,961	6,729,918	10,894,879	-
Restricted for pension & OPEB	15,403	10,195	25,598	-
Unrestricted (deficit)	2,371,154	7,355,938	9,727,092	(351,785)
Total net position	<u>\$ 6,551,518</u>	<u>\$ 14,096,051</u>	<u>20,647,569</u>	<u>\$ (351,785)</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds			(49,924)	
Net position of business-type activities			<u>\$ 20,597,645</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Operating revenues:				
Charges for services	\$ 1,162,317	\$ 3,543,785	\$ 4,706,102	\$ 2,326,129
Other	218	31,412	31,630	-
Total operating revenues	<u>1,162,535</u>	<u>3,575,197</u>	<u>4,737,732</u>	<u>2,326,129</u>
Operating expenses:				
Personal services	471,049	229,236	700,285	-
Contract services	311,299	1,961,003	2,272,302	299,736
Materials and supplies	202,228	44,735	246,963	-
Claims expense	-	-	-	2,175,400
Depreciation	356,825	356,685	713,510	-
Other	6,854	-	6,854	-
Total operating expenses	<u>1,348,255</u>	<u>2,591,659</u>	<u>3,939,914</u>	<u>2,475,136</u>
Operating income (loss)	<u>(185,720)</u>	<u>983,538</u>	<u>797,818</u>	<u>(149,007)</u>
Nonoperating revenues (expenses):				
Interest expense	(15,076)	(10,287)	(25,363)	-
Interest income	-	-	-	219
Total nonoperating revenues (expenses)	<u>(15,076)</u>	<u>(10,287)</u>	<u>(25,363)</u>	<u>219</u>
Income (loss) before transfers and capital contributions	<u>(200,796)</u>	<u>973,251</u>	<u>772,455</u>	<u>(148,788)</u>
Transfers in	111,240	198,916	310,156	-
Capital contributions	211,417	-	211,417	-
Change in net position	121,861	1,172,167	1,294,028	(148,788)
Net position at beginning of year, as previously reported	6,451,685	13,043,948		(202,997)
Restatement - change in accounting principle	<u>(22,028)</u>	<u>(120,064)</u>		<u>-</u>
Net position (deficit) at beginning of year, restated	<u>6,429,657</u>	<u>12,923,884</u>		<u>(202,997)</u>
Net position (deficit) at end of year	<u><u>\$ 6,551,518</u></u>	<u><u>\$ 14,096,051</u></u>		<u><u>\$ (351,785)</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(18,247)	
Change in net position of business-type activities			<u><u>\$ 1,275,781</u></u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
	\$	\$	\$	
Cash flows from operating activities:				
Cash received from customers	\$ 1,163,944	\$ 3,515,288	\$ 4,679,232	\$ 2,326,129
Cash received from other operations	218	31,412	31,630	-
Cash payments for personal services	(454,039)	(335,194)	(789,233)	-
Cash payments for contract services	(306,930)	(1,970,378)	(2,277,308)	(301,583)
Cash payments for materials and supplies	(230,113)	(44,234)	(274,347)	-
Cash payments for other expenses	(6,854)	-	(6,854)	-
Cash payments for claims	-	-	-	(2,107,634)
Net cash provided by (used in) operating activities	166,226	1,196,894	1,363,120	(83,088)
Cash flows from noncapital financing activities:				
Cash received from transfers in	111,240	198,916	310,156	-
Cash received from interfund loans	-	-	-	82,869
Net cash provided by noncapital financing activities	111,240	198,916	310,156	82,869
Cash flows from capital and related financing activities:				
financing activities:				
Cash received from capital contributions	211,417	-	211,417	-
Acquisition of capital assets	(862,517)	(71,692)	(934,209)	-
Principal retirement on OPWC loans	(2,940)	(38,168)	(41,108)	-
Principal retirement on OWDA loans	-	(42,160)	(42,160)	-
Principal retirement on bonds	(130,000)	(25,000)	(155,000)	-
Principal retirement on notes	-	(3,326)	(3,326)	-
Interest paid	(31,200)	(14,222)	(45,422)	-
Cash received from OPWC loans	176,410	-	176,410	-
Net cash used in capital and related financing activities	(638,830)	(194,568)	(833,398)	-
Cash flows from investing activities:				
Interest received	-	-	-	219
Net cash provided by investing activities	-	-	-	219
Net increase (decrease) in cash and investments	(361,364)	1,201,242	839,878	-
Cash and investments at beginning of year	2,847,164	6,620,000	9,467,164	-
Cash and investments at end of year	<u>\$ 2,485,800</u>	<u>\$ 7,821,242</u>	<u>\$ 10,307,042</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (185,720)	\$ 983,538	\$ 797,818	\$ (149,007)
Adjustments:				
Depreciation	356,825	356,685	713,510	-
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Materials and supplies inventory	(25,071)	501	(24,570)	-
Accounts receivable	1,627	(28,497)	(26,870)	-
Prepayments	(705)	(882)	(1,587)	-
Net pension asset	402	299	701	-
Net OPEB asset	(15,314)	(10,136)	(25,450)	-
Deferred outflows - pension	26,164	45,618	71,782	-
Deferred outflows - OPEB	14,748	12,673	27,421	-
Accounts payable	4,364	2,340	6,704	(1,847)
Contracts payable	(2,104)	-	(2,104)	
Accrued wages and benefits	632	1,252	1,884	-
Intergovernmental payable	283	(10,042)	(9,759)	-
Compensated absences payable	(8,219)	(120,190)	(128,409)	-
Net pension liability	1,440	(30,560)	(29,120)	-
Net OPEB liability	(9,446)	(6,891)	(16,337)	-
Deferred inflows - pension	(580)	(2,541)	(3,121)	-
Deferred inflows - OPEB	6,900	3,727	10,627	-
Claims payable	-	-	-	67,766
Net cash provided by (used in) operating activities	<u>\$ 166,226</u>	<u>\$ 1,196,894</u>	<u>\$ 1,363,120</u>	<u>\$ (83,088)</u>
Noncash transactions:				
At December 31, 2024, capital assets purchased on account for the Sewer fund amounted to \$7,317 and at December 31, 2023, capital assets purchased on account for the Sewer fund amounted to \$2,874.				

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	<u>Custodial</u>
Assets:	
Cash in segregated accounts	\$ 6,859
Total assets	<u>6,859</u>
Liabilities:	
Intergovernmental payable	<u>6,859</u>
Total liabilities	<u>6,859</u>
Net position:	
Restricted for other governments	-
Total net position	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Custodial</u>
Additions:	
Fines and forfeitures	\$ 78,172
Total additions	<u>78,172</u>
Deductions:	
Distributions to other governments	78,172
Total deductions	<u>78,172</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - DESCRIPTION OF THE CITY

The City of Ontario (the “City”) is a statutory municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. Council President is elected to two-year terms. The Council, Mayor, Auditor, Treasurer and Law Director are elected to four-year terms.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City’s accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City’s financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Component units are legally separate organizations for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific burdens on the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has no component units.

The primary government provides the following services to its citizens: water and sewer utilities, park operations (leisure time activities), street maintenance and repairs, police protection and a mayor’s court. The financial statements of the reporting entity include only those of the City (the primary government).

B. Basis of Presentation - Fund Accounting

The City’s financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions is self-financing or draws from the general revenues of the City.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

35% street construction fund - The 35% street construction fund receives income tax revenues for constructing, maintaining and repairing City streets.

Tax Increment fund (TIF fund) - The TIF fund receives revenue in lieu of taxes to improve public infrastructure.

Other governmental funds of the City are used to account for:

Nonmajor special revenue funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor debt service funds – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Internal service fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's only internal service fund is the Self-Insurance fund which reports on the payments of premiums and claims for healthcare.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. The City's only custodial fund is used to account for the collection and remittance of fines and forfeitures for other governments by the City's Mayor's Court.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows, current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds using a flow of economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and custodial funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year end.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income taxes, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and payments in lieu of taxes (PILOTs), unavailable revenue, and leases. Property taxes and PILOTs represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 14 and 15 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Process

All funds (except custodial funds) are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and set annual limits on expenditures at the legal level of control selected by Council. The legal level of control has been established by Council at the object level within each department. Any budgetary modifications at this level may only be made by resolution of City Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amount on the final amended certificate of estimated resources in effect at the time the final appropriations were passed by Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

G. Cash and Investments

Cash balances of the City's funds, except cash in segregated accounts, are pooled and invested to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the cash management pool is presented as "equity in pooled cash and investments" on the financial statements.

The City has segregated bank accounts for monies held separate from the City's central bank accounts. These interest bearing depository accounts are presented as "cash in segregated accounts" since they are not required to be deposited in the City treasury.

During 2024, investments were limited to negotiable certificates of deposits, federal agency securities (FMCC, FNMA, FFCB, FHLB, TVA Bonds, PEFCO), commercial paper, U.S. government money market mutual funds, U.S. Treasury notes, U.S. Treasury bonds, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair market value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost. The U.S. government money market mutual funds are valued at net asset value (NAV) per share provided by the fund.

During 2024, the City invested in STAR Ohio (the State Treasury Asset Reserve of Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be distributed to specific funds. Interest revenue earned and credited to the general fund during 2024 amounted to \$726,580 which includes \$527,548 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

An analysis of the City's investment accounts at year-end is provided in Note 4.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

All reported capital assets are depreciated/amortized except for land, construction in progress, and easements. Improvements are depreciated/amortized over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation/amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 15 years
Vehicles	8 years
Infrastructure	15 - 50 years
Intangible right to use:	
Leased equipment	5 years
Subscriptions	5 years

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The City is reporting intangible right to use assets related to leased equipment and subscriptions. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset.

K. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Debt Issuance Costs, Discounts and Premiums

On government-wide financial statements, issuance costs are expensed during the year in which they were incurred. Bond discounts and premiums are deferred and accreted over the terms of the bonds. Bond discounts and premiums are presented as a reduction from or addition to the face amount of the bonds.

On the governmental fund financial statements, debt issuance costs, discounts and premiums are recognized in the current period.

P. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

R. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets, consists of capital assets net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists primarily of monies restricted for various donations and recreation programs.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for water, sewer and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City did not have any special items or extraordinary items in 2024.

U. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

V. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated into the City's 2024 financial statements.

B. Deficit Fund Balances

Fund balances at December 31, 2024 included the following individual fund deficit:

<u>Internal service fund</u>	<u>Deficit</u>
Self-insurance	\$ 351,785

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 24,728,079	\$ (484,671)	\$ 24,243,408
Business-Type Activities	<u>19,463,956</u>	<u>(142,092)</u>	<u>19,321,864</u>
Total Net Position	<u><u>\$ 44,192,035</u></u>	<u><u>\$ (626,763)</u></u>	<u><u>\$ 43,565,272</u></u>
Proprietary Funds			
Major Funds:			
Water	\$ 6,451,685	\$ (22,028)	\$ 6,429,657
Sewer	<u>13,043,948</u>	<u>(120,064)</u>	<u>12,923,884</u>
Total Proprietary Funds	<u><u>\$ 19,495,633</u></u>	<u><u>\$ (142,092)</u></u>	<u><u>\$ 19,353,541</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Excepted as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

The City has depository accounts outside of the City treasury to account for Mayor's Court operations. The carrying amount of these depository accounts at December 31, 2024 was \$18,911. These depository accounts are included in "deposits with financial institutions" below.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of all City deposits was \$7,379,094 and the bank balance of all City deposits was \$8,009,472. Of the bank balance, \$268,911 was covered by the FDIC and \$7,740,561 was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2024, the City had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FMCC	\$ 376,404	\$ 206,451	\$ 169,953	\$ -	\$ -	\$ -
FNMA	583,266	98,768	484,498	-	-	-
FFCB	3,006,048	73,712	-	142,630	-	2,789,706
FHLB	2,324,481	139,409	97,550	636,829	627,650	823,043
TVA Bonds	221,373	-	-	-	-	221,373
PEFCO	98,020	-	-	-	-	98,020
Commerical Paper	148,957	148,957	-	-	-	-
Negotiable CDs	1,114,876	-	355,614	237,083	-	522,179
U.S. Treasury Bonds	1,332,513	478,163	128,654	-	295,289	430,407
U.S. Treasury Notes	4,856,758	291,314	401,202	-	426,977	3,737,265
<i>Amortized cost:</i>						
U.S. Government money market funds	22,540	22,540	-	-	-	-
STAR Ohio	1,695,493	1,695,493	-	-	-	-
Total	\$ 15,780,729	\$ 3,154,807	\$ 1,637,471	\$ 1,016,542	\$ 1,349,916	\$ 8,621,993

The weighted average of maturity of investments is 2.25 years.

The City's investments in U.S. Government money market funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FMCC, FNMA, FFCB, FHLB, TVA Bonds, PEFCO), commercial paper, negotiable CD's, U.S. Treasury bonds, and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio and the U.S. government money market funds carry a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investments in federal agency securities, U.S. Treasury bonds, and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in commercial paper are rated P-1 and A-1+ through A-1 with Moody's and Standard & Poor's, respectively. The negotiable CDs are not rated. The negotiable CDs are covered by the FDIC. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, commercial paper, U.S. Treasury bonds and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Treasurer or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer.

The following table includes the percentage of each investment type held by the City at December 31, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair value:</i>		
FMCC	\$ 376,404	2.39
FNMA	583,266	3.70
FFCB	3,006,048	19.05
FHLB	2,324,481	14.73
TVA Bonds	221,373	1.40
PEFCO	98,020	0.62
Commercial Paper	148,957	0.94
Negotiable CDs	1,114,876	7.06
U.S. Treasury Bonds	1,332,513	8.45
U.S. Treasury Notes	4,856,758	30.78
<i>Amortized cost:</i>		
U.S. Government Money Market Fund	22,540	0.14
STAR Ohio	<u>1,695,493</u>	<u>10.74</u>
Total	<u>\$ 15,780,729</u>	<u>100.00</u>

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2024:

Cash and investments per note

Carrying amount of deposits	\$ 7,379,094
Investments	<u>15,780,729</u>
Total	<u>\$ 23,159,823</u>

Cash and investments per statement of net position

Governmental activities	\$ 12,845,922
Business-type activities	10,307,042
Custodial funds	<u>6,859</u>
Total	<u>\$ 23,159,823</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2024, consisted of the following as reported on the fund financial statements:

Transfers from the general fund to:

35% street construction fund	\$ 55,899
Nonmajor governmental funds	753,945
Water fund	111,240
Sewer fund	<u>198,916</u>
Total transfers from general fund	<u>1,120,000</u>

Transfers from tax increment fund to:

Nonmajor governmental funds	<u>136,200</u>
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Transfers from nonmajor governmental funds to:

General fund	<u>2,996</u>
Total transfers	<u>\$ 1,259,196</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$136,200 transfer from the tax increment fund to the debt service fund (a nonmajor governmental fund) were for payments of the 2016 TIF project bonds principal and interest.

The \$2,996 transfer to the general fund was to move unclaimed monies in accordance with Ohio Revised Code.

Transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Transfers between enterprise funds are eliminated for reporting on the government-wide financial statements.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Due To/From Other Funds

Interfund balances at December 31, 2024 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	
General fund	Internal service fund	\$ 120,231
Nonmajor governmental fund	Nonmajor governmental fund	<u>1,823</u>
Total		<u>\$ 122,054</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by December 31. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

C. Interfund Loans

The City had short-term interfund loans at December 31, 2024. These loans are expected to be repaid in the subsequent year.

The City had the following short-term advances outstanding at year end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General fund	Nonmajor governmental fund	<u>\$ 220,000</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Ontario. County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2024 was \$2.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2024 property tax receipts were based are as follows:

<u>Real Property</u>	
Class I	\$ 177,875,390
Class II	82,179,220
<u>Personal Property</u>	
Public Utility	8,102,360
Total Assessed Value	<u>\$ 268,156,970</u>

NOTE 7 - LOCAL INCOME TAX

The City levies and collects an income tax of 1.5% on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 0.5% of the tax paid to another municipality. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. During 2024, by City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following: general fund, capital improvement fund (nonmajor governmental fund), and the 35% street construction fund. On the modified accrual basis of accounting, total income tax revenue was \$8,101,720 in 2024.

NOTE 8 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten or more days of vacation per year, depending upon length of service. Vacation accumulation is limited to the amount earned in one year. All accumulated unused vacation time is paid upon termination of employment. Employees earn sick leave at the same rate. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee may be paid 60% of accumulated, unused sick leave.

B. Insurance

The City provides life insurance to its employees through Guardian Insurance. The City provides medical, prescription, dental and vision benefits to employees through a self-insured plan.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - TAX INCREMENT FINANCING DISTRICT (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established five TIFs with the addition of the Campus District, Ontario Triangle Development, Lexington-Springmill/Ferguson Road and Beer Road Industrial Park TIF agreements during 2016. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as “payments in lieu of taxes (PILOT)”, as though the TIF had not been established. These “PILOTS” are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

During 2024, the City received PILOT revenue of \$937,324 in the tax increment fund and debt service fund (nonmajor governmental fund). The TIFs have a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

NOTE 10 - RECEIVABLES

Receivables at December 31, 2024, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, intergovernmental receivables arising from grants, entitlements, and shared revenue, and payments in lieu of taxes. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Income taxes	\$ 1,975,376
Real and other local taxes	407,497
Accounts	50,430
Special assessments	13,275
Accrued interest	88,866
Intergovernmental	300,416
Payments in lieu of taxes	509,771

Business-type activities:

Accounts	\$ 373,478
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Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year with the exception of special assessments which are collected over the life of the assessment.

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CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - CAPITAL ASSETS

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

<u>Governmental activities:</u>	<u>Balance</u>	<u>12/31/2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>12/31/2024</u>
<i>Capital assets, not being depreciated/amortized:</i>						
Land	\$ 2,492,488	\$ -	\$ -	\$ -	\$ 2,492,488	\$ 2,492,488
Easements	19,705	- -	- -	- -	19,705	19,705
Construction in progress	119,162	22,818	- -	- -	141,980	141,980
Total capital assets, not being depreciated/amortized	2,631,355	22,818	- -	- -	2,654,173	2,654,173
<i>Capital assets, being depreciated/amortized:</i>						
Land improvements	4,623,935	10,890	- -	- -	4,634,825	4,634,825
Buildings and improvements	4,494,280	11,195	- -	- -	4,505,475	4,505,475
Furniture and equipment	5,123,154	193,132	(18,615)	(18,615)	5,297,671	5,297,671
Vehicles	2,614,546	135,940	- -	- -	2,750,486	2,750,486
Infrastructure	32,381,980	957,123	- -	- -	33,339,103	33,339,103
<i>Intangible right to use assets:</i>						
Leased equipment	60,745	- -	- -	- -	60,745	60,745
Subscriptions	265,243	- -	- -	- -	265,243	265,243
Total capital assets, being depreciated/amortized	49,563,883	1,308,280	(18,615)	(18,615)	50,853,548	50,853,548
<i>Less: accumulated depreciation/amortization:</i>						
Land improvements	(2,623,001)	(151,679)	- -	- -	(2,774,680)	(2,774,680)
Buildings and improvements	(2,706,805)	(108,703)	- -	- -	(2,815,508)	(2,815,508)
Furniture and equipment	(3,636,337)	(134,974)	18,615	18,615	(3,752,696)	(3,752,696)
Vehicles	(2,221,093)	(114,137)	- -	- -	(2,335,230)	(2,335,230)
Infrastructure	(19,748,456)	(1,057,316)	- -	- -	(20,805,772)	(20,805,772)
<i>Intangible right to use assets:</i>						
Leased equipment	(22,626)	(11,660)	- -	- -	(34,286)	(34,286)
Subscriptions	(26,525)	(53,048)	- -	- -	(79,573)	(79,573)
Total accumulated depreciation/amortization	(30,984,843)	(1,631,517)	18,615	18,615	(32,597,745)	(32,597,745)
Total capital assets, being depreciated/amortized, net	18,579,040	(323,237)	- -	- -	18,255,803	18,255,803
Governmental activities capital assets, net	\$ 21,210,395	\$ (300,419)	\$ -	\$ -	\$ 20,909,976	\$ 20,909,976

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 78,103
Security of persons and property	100,158
Transportation	1,245,209
Leisure time activity	<u>208,047</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,631,517</u>

Capital asset activity for business-type activities for the year ended December 31, 2024, was as follows:

<u>Business-type activities:</u>	Balance			Balance 12/31/2024
	12/31/2023	Additions	Disposals	
<i>Capital assets, not being depreciated:</i>				
Land	\$ 338,131	\$ -	\$ -	\$ 338,131
Construction in progress	<u>114,718</u>	<u>862,948</u>	<u>(886,338)</u>	<u>91,328</u>
Total capital assets, not being depreciated	<u>452,849</u>	<u>862,948</u>	<u>(886,338)</u>	<u>429,459</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	79,492	-	-	79,492
Buildings and improvements	5,180,181	114,497	-	5,294,678
Furniture and equipment	4,155,700	75,704	-	4,231,404
Infrastructure:				
Sewer lines	10,653,890	-	-	10,653,890
Water lines	<u>7,823,215</u>	<u>771,841</u>	<u>-</u>	<u>8,595,056</u>
Total capital assets, being depreciated	<u>27,892,478</u>	<u>962,042</u>	<u>-</u>	<u>28,854,520</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(65,488)	(1,244)	-	(66,732)
Buildings and improvements	(2,316,930)	(130,188)	-	(2,447,118)
Furniture and equipment	(3,481,845)	(121,620)	-	(3,603,465)
Infrastructure:				
Sewer lines	(5,426,129)	(227,357)	-	(5,653,486)
Water lines	<u>(4,438,909)</u>	<u>(233,101)</u>	<u>-</u>	<u>(4,672,010)</u>
Total accumulated depreciation	<u>(15,729,301)</u>	<u>(713,510)</u>	<u>-</u>	<u>(16,442,811)</u>
Total capital assets, being depreciated, net	<u>12,163,177</u>	<u>248,532</u>	<u>-</u>	<u>12,411,709</u>
Business-type activities capital assets, net	<u>\$ 12,616,026</u>	<u>\$ 1,111,480</u>	<u>\$ (886,338)</u>	<u>\$ 12,841,168</u>

CITY OF ONTARIO, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to enterprise funds of the City as follows:

Business-type activities:

Water	\$ 356,825
Sewer	<u>356,685</u>
Total depreciation expense - business-type activities	<u>\$ 713,510</u>

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CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS

A. Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023, which is reflected in the schedule below. During 2024, the following activity occurred in governmental and business-type activities long-term obligations.

Governmental activities:	Restated			Balance 12/31/2024	Due within One Year		
	Balance 12/31/2023	Additions	Reductions				
<i><u>General obligation bonds:</u></i>							
General obligation and refunding bonds, 2016							
General obligation bonds, 2021	\$ 1,505,000	\$ -	\$ (215,000)	\$ 1,290,000	\$ 225,000		
Total general obligation bonds	<u>1,993,000</u>	<u>-</u>	<u>(236,000)</u>	<u>1,757,000</u>	<u>240,000</u>		
	<u>3,498,000</u>	<u>-</u>	<u>(451,000)</u>	<u>3,047,000</u>	<u>465,000</u>		
Leases payable	39,646	-	(11,617)	28,029	11,955		
SBITA payable	210,629	-	(51,284)	159,345	52,189		
Notes payable - financed purchase agreements	95,775	-	(88,228)	7,547	7,547		
Net pension liability	8,187,285	407,266	(283,577)	8,310,974	-		
Net OPEB liability	461,572	34,130	(56,438)	439,264	-		
Compensated absences*	<u>1,104,973</u>	<u>-</u>	<u>(70,613)</u>	<u>1,034,360</u>	<u>249,416</u>		
	<u>13,597,880</u>	<u>\$ 441,396</u>	<u>\$ (1,012,757)</u>	<u>13,026,519</u>	<u>\$ 786,107</u>		
Unamortized premiums on bonds	<u>182,716</u>				<u>155,061</u>		
Total governmental activities	<u><u>\$ 13,780,596</u></u>				<u><u>\$ 13,181,580</u></u>		
<u>Business-type activities:</u>							
<i><u>General obligation bonds:</u></i>							
Water meter reading system improvement bonds, 2016	\$ 185,000	\$ -	\$ (90,000)	\$ 95,000	\$ 95,000		
Mabee road water tower improvement bonds, 2016	210,000	-	(15,000)	195,000	15,000		
Waterline repair improvement bonds, 2016	385,000	-	(25,000)	360,000	25,000		
Tappan road lift station improvement bonds, 2016	<u>350,000</u>	<u>-</u>	<u>(25,000)</u>	<u>325,000</u>	<u>25,000</u>		
Total general obligation bonds	<u>1,130,000</u>	<u>-</u>	<u>(155,000)</u>	<u>975,000</u>	<u>160,000</u>		
<i><u>OPWC loans - direct borrowings:</u></i>							
OPWC sewer improvement loan	241,666	-	(16,667)	224,999	16,667		
OPWC I/I reduction phase 2 loan	213,964	-	(13,373)	200,591	13,372		
OPWC above ground equalization tank loan	166,630	-	(8,128)	158,502	8,128		
OPWC South Lexington Springmill waterline replacement	<u>-</u>	<u>176,410</u>	<u>(2,940)</u>	<u>173,470</u>	<u>5,880</u>		
Total OPWC loans	<u>622,260</u>	<u>176,410</u>	<u>(41,108)</u>	<u>757,562</u>	<u>44,047</u>		
OWDA Loan (direct borrowing)	126,480	-	(42,160)	84,320	42,160		
Notes payable - financed purchase agreements	9,625	-	(3,326)	6,299	6,299		
Net pension liability	805,310	-	(29,120)	776,190	-		
Net OPEB liability	16,337	-	(16,337)	-	-		
Compensated absences*	<u>258,335</u>	<u>-</u>	<u>(128,409)</u>	<u>129,926</u>	<u>31,009</u>		
	<u>2,968,347</u>	<u>\$ 176,410</u>	<u>\$ (415,460)</u>	<u>2,729,297</u>	<u>\$ 283,515</u>		
Unamortized premiums on bonds	<u>141,641</u>				<u>122,090</u>		
Total business-type activities	<u><u>\$ 3,109,988</u></u>				<u><u>\$ 2,851,387</u></u>		

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

*The change in compensated absences liability is presented as a net change.

The City's net pension liability and net OPEB liability are described in Notes 14 and 15.

B. General Obligation Bonds

On October 19, 2016, the City issued general obligation refunding and improvement bonds in the amount of \$4,590,000 to advance refund a portion of the Walker Lake Road general obligation bonds, series 2009 (\$1,130,000) and were used to retire the Urwin Parkway Improvements bond anticipation notes (\$775,000), the Ferguson Road Improvement bond anticipation notes (\$495,000), the sidewalk improvements bond anticipation notes (\$250,000), the water meter reading system bond anticipation notes (\$885,000), the Mabee Road water tower bond anticipation notes (\$355,000), the waterline repair bond anticipation notes (\$655,000), and the Tappan Road lift station bond anticipation notes (\$595,000). The reacquisition price exceeded the net carrying amount of the Walker Lake Road refunding bonds by \$146,091. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through maturity on December 1, 2029 for the Walker Lake Road refunding bonds using the straight-line method.

The governmental activities improvement bonds carry interest rates ranging from 2.00% and 4.05% and will mature on December 1, 2035 (The Urwin Parkway and sidewalk improvement bonds) and on December 1, 2025 (The Ferguson Road improvement bonds). The business-type activities improvement bonds carry interest rates between 2.00% and 4.05% and will mature on December 1, 2025 (The water meter reading systems bonds) and on December 1, 2035 (The Mabee Road water tower, waterline repair and Tappan Road lift station improvement bonds).

On July 8, 2021, the City issued general obligation improvement bonds in the amount of \$2,455,000 to fund City Hall and park improvements. The interest rate on the series 2021 bonds is 1.33%. Principal payments are due December 1 of each year and interest payments are due June 1 and December 1 each year with a final maturity date of December 1, 2031.

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Year Ending <u>December 31,</u>	Governmental Activities						Business-Type Activities					
	General Obligation Bonds Payable						General Obligation Bonds Payable					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 465,000	\$ 74,968	\$ 539,968	\$ 160,000	\$ 39,000	\$ 199,000						
2026	409,000	62,776	471,776	70,000	32,600	102,600						
2027	412,000	52,931	464,931	70,000	29,800	99,800						
2028	431,000	43,046	474,046	70,000	27,000	97,000						
2029	445,000	32,508	477,508	75,000	24,200	99,200						
2030 - 2034	820,000	60,200	880,200	435,000	72,600	507,600						
2035	65,000	2,600	67,600	95,000	3,800	98,800						
Total	\$ 3,047,000	\$ 329,029	\$ 3,376,029	\$ 975,000	\$ 229,000	\$ 1,204,000						

CITY OF ONTARIO, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

C. OPWC Loans

The interest-free Ohio Public Works Commission (OPWC) sewer improvement loan was entered into during 2008 to finance improvements to the City's sewer system. The OPWC sewer improvement loan will all be paid from the sewer fund and has an outstanding balance of \$224,999.

During 2009, the City entered into a loan with the OPWC for the I/I reduction phase 2 project. This is an interest-free OPWC loan and has an outstanding balance of \$200,591.

During 2014, the City entered into another OPWC loan agreement for the purpose of building an above ground equalization tank. The loan is interest free and the outstanding balance as of December 31, 2024 was \$158,502.

During 2024, the City entered into another OPWC loan agreement for the purpose of replacing the South Lexington Springmill waterline. The loan is interest free and the outstanding balance as of December 31, 2024 was \$173,470.

The OPWC loans are to be paid from sewer and water resources; however, the loans are backed by the full faith and credit of the City. OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest or late charges associated with the default.

The following is a summary of the future debt service requirements to maturity for the OPWC loans:

Business-Type Activities						
Year Ending <u>December 31,</u>	OPWC Sewer Improvement Loan	OPWC Sewer I/I Reduction Phase 2	OPWC Above Ground Sewer	South Lexington Springmill Waterline	OPWC Water	
	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Replacement Principal</u>	<u>Total OPWC Loans</u>	
2025	\$ 16,667	\$ 13,372	\$ 8,128	\$ 5,880	\$ 44,047	
2026	16,667	13,373	8,129	5,880	44,049	
2027	16,666	13,373	8,128	5,880	44,047	
2028	16,667	13,373	8,128	5,880	44,048	
2029	16,666	13,373	8,129	5,880	44,048	
2030 - 2034	83,331	66,864	40,641	29,400	220,236	
2035 - 2039	58,335	66,863	40,642	29,402	195,242	
2040 - 2044	-	-	36,577	29,403	65,980	
2045 - 2049	-	-	-	29,402	29,402	
2050 - 2054	-	-	-	26,463	26,463	
Total	<u>\$ 224,999</u>	<u>\$ 200,591</u>	<u>\$ 158,502</u>	<u>\$ 173,470</u>	<u>\$ 757,562</u>	

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

D. OWDA Loans

The City has entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA) to fund capital improvements to the City's new wastewater treatment plant. The amount due to the OWDA is payable solely from sewer fund revenues. The loan agreements function similar to a line-of-credit agreement and require semi-annual payments based on the permissible borrowings rather than the actual amount loaned.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

As of December 31, 2024, the outstanding balance was \$84,320.

The following is a summary of the future debt service requirements to maturity for the OWDA loan:

Business-Type Activities	
Year Ending	OWDA
<u>December 31,</u>	<u>Principal</u>
2025	\$ 42,160
2026	<u>42,160</u>
Total	<u><u>84,320</u></u>

E. Leases Payable

The City has entered into lease agreements for the right to use leased assets. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and the 35% street construction fund.

The City has entered into lease agreements for copier equipment and postage machine at varying years and terms.

The following is a schedule of future lease payments under the lease agreements:

Year Ending	<u>Governmental Activities</u>		
	<u>Leases Payable</u>		
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 11,955	\$ 619	\$ 12,574
2026	11,761	273	12,034
2027	<u>4,313</u>	<u>27</u>	<u>4,340</u>
Total	<u><u>\$ 28,029</u></u>	<u><u>\$ 919</u></u>	<u><u>\$ 28,948</u></u>

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

F. Notes Payable – Financed Purchase Agreements

During 2018, the City entered into a financed purchase agreement in the amount of \$86,285 to finance lighting upgrades throughout the City. During 2019, the City entered into a financed purchase agreement in the amount of \$305,354 to finance two Freightliner dump trucks. In 2020, the City entered into a financed purchase agreement in the amount of \$65,334 to finance a Kobelco excavator. Financed purchase payments will be reclassified and are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. These expenditures will be reflected as program/function expenditures on a budgetary basis.

The following is a schedule of future payments under the financed purchase agreements:

Year Ending <u>December 31,</u>	Governmental Activities			Business-Type Activities		
	<u>Financed Purchases</u>			<u>Financed Purchases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,547	\$ 263	\$ 7,810	\$ 6,299	\$ 88	\$ 6,387
Total	<u>\$ 7,547</u>	<u>\$ 263</u>	<u>\$ 7,810</u>	<u>\$ 6,299</u>	<u>\$ 88</u>	<u>\$ 6,387</u>

G. SBITA Payable

The City has entered into subscription agreements for the right to use software. Due to the implementation of GASB Statement No. 96, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The subscription payments will be paid from the general fund.

The following is a schedule of future subscription payments under the agreements:

Year Ending <u>December 31,</u>	Governmental Activities		
	<u>SBITAs Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 52,189	\$ 2,811	\$ 55,000
2026	53,110	1,890	55,000
2027	<u>54,046</u>	<u>953</u>	<u>54,999</u>
Total	<u>\$ 159,345</u>	<u>\$ 5,654</u>	<u>\$ 164,999</u>

H. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2024, the City's overall legal debt margin was \$24,144,413 (including available funds of \$9,931) and the unvoted debt margin was \$14,758,564.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2024, the City contracted with the Ohio Plan for various types of insurance.

The coverage and deductible are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
General Liability	\$ 0	\$5,000,000/\$7,000,000
Employers Liability	0	5,000,000
Employee Benefits	0	5,000,000/7,000,000
Law Enforcement Officers Liability	5,000	5,000,000/7,000,000
Public Officials Liability	5,000	5,000,000/7,000,000
Automobile	500	5,000,000
Property	1,000	30,209,624
Special Property Coverage	1,000	2,363,976
Electronic Equipment/Media Coverage	1,000	250,159
Public Employee Dishonesty	100	100,000

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Workers' Compensation

The City participates in the Ohio Municipal League's Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Careworks provides administrative, cost controls, and actuarial services to the GRP.

C. Dental and Vision Self-Insurance

The City operates a self-insurance plan for dental and vision benefits. The activity of the plan is recorded in the City's general fund. The claims liability of \$1,921 reported on the financial statements at December 31, 2024 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the claims liability amount for the last two years follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>		<u>Current Year</u>		<u>Claim Payments</u>		<u>Balance at End of Year</u>	
			<u>Claims</u>		<u>Payments</u>			
2024	\$ 1,582		\$ 29,845		\$ (29,506)		\$ 1,921	
2023		1,502		26,888		(26,808)		1,582

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - RISK MANAGEMENT - (Continued)

D. Medical Self-Insurance

Medical insurance is offered to employees through a self-insurance internal service fund. The City is a member of the Jefferson Health Plan (JHP) Health Benefits Program, a risk and cost saving pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. The claims liability of \$207,570 reported in the internal service fund at December 31, 2024 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the last two years follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2024	\$ 139,804	\$ 2,175,400	\$ (2,107,634)	\$ 207,570
2023	142,989	1,109,445	(1,112,630)	139,804

NOTE 14 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset) and Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

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CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

<u>State and Local</u>	
<u>Traditional</u>	
2024 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2024 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u><u>14.0 %</u></u>
Employee	<u><u>10.0 %</u></u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$303,934 for 2024. Of this amount, \$52,834 is reported as intergovernmental payable.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2024 Statutory Maximum Contribution Rates		<u>Police</u>
Employer		19.50 %
Employee		12.25 %
2024 Actual Contribution Rates		
Employer:		
Pension		19.00 %
Post-employment Health Care Benefits		0.50 %
Total Employer		<u>19.50 %</u>
Employee		<u>12.25 %</u>

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$379,169 for 2024. Of this amount, \$29,430 is reported as intergovernmental payable.

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.01214400%	0.00144700%	0.00476000%	0.05690320%	
Proportion of the net pension liability/asset current measurement date	<u>0.01250800%</u>	<u>0.00000000%</u>	<u>0.00561900%</u>	<u>0.06016240%</u>	
Change in proportionate share	<u>0.00036400%</u>	<u>-0.00144700%</u>	<u>0.00085900%</u>	<u>0.00325920%</u>	
Proportionate share of the net pension liability	\$ 3,274,646	\$ -	\$ -	\$ 5,812,518	\$ 9,087,164
Proportionate share of the net pension asset	-	-	(626)	-	(626)
Pension expense	441,128	-	(59)	652,881	1,093,950

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CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - OPERS - Traditional	Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 53,521	\$ 1,337	\$ 186,601	\$ 241,459
Net difference between projected and actual earnings on pension plan investments	660,964	108	658,681	1,319,753
Changes of assumptions	-	23	367,345	367,368
Changes in employer's proportionate percentage/ difference between employer contributions	50,114	-	483,886	534,000
Contributions subsequent to the measurement date	298,453	5,481	379,169	683,103
Total deferred outflows of resources	<u>\$ 1,063,052</u>	<u>\$ 6,949</u>	<u>\$ 2,075,682</u>	<u>\$ 3,145,683</u>
 Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ 65,006	\$ 65,006
Changes of assumptions	-	-	88,270	88,270
Changes in employer's proportionate percentage/ difference between employer contributions	1,190	-	200,914	202,104
Total deferred inflows of resources	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ 354,190</u>	<u>\$ 355,380</u>

\$683,103 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2025.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS -				Total
	OPERS - Traditional	Member- Directed	OP&F		
Year Ending December 31:					
2025	\$ 201,427	\$ 226	\$ 344,344	\$ 545,997	
2026	234,310	231	353,430	587,971	
2027	421,789	266	511,492	933,547	
2028	(94,117)	157	64,255	(29,705)	
2029	-	153	68,009	68,162	
Thereafter	-	435	793	1,228	
Total	\$ 763,409	\$ 1,468	\$ 1,342,323	\$ 2,107,200	

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u><u>100.00 %</u></u>	

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, Combined Plan and Member-Directed 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 Traditional Pension Plan, Combined Plan and Member-Directed 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 (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 5,155,172	\$ 3,274,646	\$ 1,710,594
Member-Directed Plan	(450)	(626)	(787)

Actuarial Assumptions - OP&F

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Healthy Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023 are summarized below:

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CITY OF ONTARIO, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation		
linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 7,699,113	\$ 5,812,518	\$ 4,243,631

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$2,193 for 2024. Of this amount, \$381 is reported as intergovernmental payable.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$9,978 for 2024. Of this amount, \$774 is reported as intergovernmental payable.

Net OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.01154200%	0.05690320%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01189700%</u>	<u>0.06016240%</u>	
Change in proportionate share	<u>0.00035500%</u>	<u>0.00325920%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 439,264	\$ 439,264
Proportionate share of the net OPEB asset	(107,372)	-	(107,372)
OPEB expense	(11,151)	41,228	30,077

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 21,122	\$ 21,122
Net difference between projected and actual earnings on OPEB plan investments	64,483	32,435	96,918
Changes of assumptions	27,644	151,157	178,801
Changes in employer's proportionate percentage/difference between employer contributions	-	91,458	91,458
Contributions subsequent to the measurement date	2,193	9,978	12,171
Total deferred outflows of resources	<u>\$ 94,320</u>	<u>\$ 306,150</u>	<u>\$ 400,470</u>
 Deferred inflows of resources			
Differences between expected and actual experience	\$ 15,282	\$ 80,716	\$ 95,998
Changes of assumptions	46,157	282,877	329,034
Changes in employer's proportionate percentage/difference between employer contributions	4,287	29,490	33,777
Total deferred inflows of resources	<u>\$ 65,726</u>	<u>\$ 393,083</u>	<u>\$ 458,809</u>

\$12,171 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF ONTARIO, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Year Ending December 31:	OPERS	OP&F	Total
2025	\$ (5,702)	\$ 14,080	\$ 8,378
2026	3,682	(12,568)	(8,886)
2027	50,194	(3,345)	46,849
2028	(21,773)	(29,241)	(51,014)
2029	-	(34,008)	(34,008)
Thereafter	-	(31,829)	(31,829)
Total	<u>\$ 26,401</u>	<u>\$ (96,911)</u>	<u>\$ (70,510)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	<u><u>100.00 %</u></u>	

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Discount Rate - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 59,009	\$ (107,372)	\$ (245,197)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	Current Health Care Trend Rate Assumption		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 111,832	\$ 107,372	\$ 102,314

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation		
linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Discount Rate - Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07%), or one percentage point higher (5.07%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 541,052	\$ 439,264	\$ 353,539

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2024.

B. Litigation

The City is not party to legal proceedings which will have a material effect, if any, on the financial condition of the City.

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CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 17 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	35% Street Construction	Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 9,593	\$ 58,740	\$ -	\$ 210,353	\$ 278,686
Prepays	112,886	-	-	3,546	116,432
Total nonspendable	122,479	58,740	-	213,899	395,118
Restricted:					
Debt service	-	-	-	9,931	9,931
Transportation improvement projects	-	-	-	1,546,053	1,546,053
Court Computerization	-	-	-	21,265	21,265
Cemetery	-	-	-	49,091	49,091
Police programs	-	-	-	172,548	172,548
Other purposes	-	-	761,431	114,455	875,886
Total restricted	-	-	761,431	1,913,343	2,674,774
Committed:					
Capital projects	-	-	-	71,829	71,829
Transportation improvement projects	-	2,124,722	-	1,912,060	4,036,782
Total committed	-	2,124,722	-	1,983,889	4,108,611
Assigned:					
Subsequent year appropriations	1,161,017	-	-	-	1,161,017
Total assigned	1,161,017	-	-	-	1,161,017
Unassigned	5,445,295	-	-	-	5,445,295
Total fund balances	\$ 6,728,791	\$ 2,183,462	\$ 761,431	\$ 4,111,131	\$ 13,784,815

NOTE 18 - TAX ABATEMENTS

As of December 31, 2024, the City provides tax abatements through an income tax credit agreement and Community Reinvestment Area (CRA) programs. This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill. As of December 31, 2024, there were no participants in the City's CRA programs.

CITY OF ONTARIO, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 - TAX ABATEMENTS - (Continued)

Income Tax Credit Agreement - Under Ordinance No. 17-02 the City established an income tax abatement agreement with ES Consulting, Inc. Under the agreement, the City agrees to offer a tax credit to ES Consulting Inc. of 50% of their annual withholding taxes. This credit is reduced by any profit in ES Consulting Inc.'s business account. The agreement was established on January 4, 2017 and will remain in effect for seven years. Under the agreement with Charter Next Generation, the City agrees to offer a tax credit of their annual withholding taxes. This credit is reduced by any profit in Charter Next Generation's business account.

The City has entered into an agreement to abate income taxes through this program. During 2024, the City's income tax revenues were reduced as a result of this agreement as follows:

<u>Tax Abatement Program</u>	<u>City</u> <u>Taxes Abated</u>
ES Consulting	\$ 11,258
Charter Next Generation	<u>60,030</u>
Total	<u><u>\$ 71,288</u></u>

NOTE 19 - ASSET RETIREMENT OBLIGATIONS

The Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage system to the Ohio Environmental Protection Agency (Ohio EPA) for approval. Through this permitting process, the City would be responsible for addressing any public safety issues associated with their sewage system and the permit would specify the procedures required to dispose of all or part of the sewage system. Due to lack of specific legal requirements for retiring the sewage system, the City has determined that the asset retirement obligation cannot be reasonably estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final	Budgetary Basis		
Budgetary revenues:					
Income taxes	\$ 5,349,988	\$ 5,349,988	\$ 5,481,037	\$ 131,049	
Real and other local taxes	447,178	447,178	543,579	96,401	
Licenses, permits and fees	236,344	236,344	330,868	94,524	
Intergovernmental	153,080	153,080	162,470	9,390	
Investment income	41,633	41,633	586,463	544,830	
Rental income	44,194	44,194	14,000	(30,194)	
Other	132,583	132,583	1,170,400	1,037,817	
Total budgetary revenues	6,405,000	6,405,000	8,288,817	1,883,817	
Budgetary expenditures:					
Current:					
General government	2,039,347	2,010,892	1,790,006	(220,886)	
Security of persons and property	3,690,871	3,874,656	3,793,127	(81,529)	
Transportation	10,000	10,000	10,000	-	
Community environment	102,666	88,000	83,404	(4,596)	
Leisure time activity	247,169	289,544	277,386	(12,158)	
Capital outlay	52,500	50,171	31,843	(18,328)	
Total budgetary expenditures	6,142,553	6,323,263	5,985,766	(337,497)	
Budgetary excess of revenues over expenditures	262,447	81,737	2,303,051	2,221,314	
Budgetary other financing sources (uses):					
Transfers in	-	-	2,996	2,996	
Transfers out	(681,508)	(681,508)	(1,120,000)	(438,492)	
Total budgetary other financing sources (uses)	(681,508)	(681,508)	(1,117,004)	(435,496)	
Net change in fund balance	(419,061)	(599,771)	1,186,047	1,785,818	
Budgetary fund balance at beginning of year	5,011,803	5,011,803	5,011,803	-	
Budgetary fund balance at end of year	\$ 4,592,742	\$ 4,412,032	\$ 6,197,850	\$ 1,785,818	

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
35% STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Over (Under) Actual Amounts	
	Original		Budgetary Basis			
	Final		Final			
Budgetary revenues:						
Income taxes	\$ 1,788,292		\$ 1,788,292		\$ 51,798	
Other	6,813		6,813		30,611	
Total budgetary revenues	<u>1,795,105</u>		<u>1,795,105</u>		<u>75,596</u>	
Budgetary expenditures:						
Current:						
Transportation	1,705,564		1,705,564		1,620,319	
Total budgetary expenditures	<u>1,705,564</u>		<u>1,705,564</u>		<u>(85,245)</u>	
Budgetary excess of revenues over expenditures	89,541		89,541		250,382	
					160,841	
Budgetary other financing sources:						
Transfers in	15,896		15,896		55,899	
Total budgetary other financing sources	<u>15,896</u>		<u>15,896</u>		<u>40,003</u>	
Net change in fund balance	105,437		105,437		306,281	
					200,844	
Budgetary fund balance at beginning of year	<u>1,706,193</u>		<u>1,706,193</u>		<u>1,706,193</u>	
Budgetary fund balance at end of year	<u>\$ 1,811,630</u>		<u>\$ 1,811,630</u>		<u>\$ 2,012,474</u>	
					\$ 200,844	

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TAX INCREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
			Budgetary Basis	
Budgetary revenues:				
Revenue in lieu of taxes	\$ 338,000	\$ 338,000	\$ 663,167	\$ 325,167
Total budgetary revenues	<u>338,000</u>	<u>338,000</u>	<u>663,167</u>	<u>325,167</u>
Budgetary expenditures:				
Current:				
General government	265,000	265,000	240,057	(24,943)
Total budgetary expenditures	<u>265,000</u>	<u>265,000</u>	<u>240,057</u>	<u>(24,943)</u>
Budgetary excess of revenues over expenditures	73,000	73,000	423,110	350,110
Budgetary other financing uses:				
Transfers (out)	(136,200)	(136,200)	(136,200)	-
Total budgetary other financing uses	<u>(136,200)</u>	<u>(136,200)</u>	<u>(136,200)</u>	<u>-</u>
Net change in fund balances	(63,200)	(63,200)	286,910	350,110
Budgetary fund balance at beginning of year	474,521	474,521	474,521	-
Budgetary fund balance at end of year	<u>\$ 411,321</u>	<u>\$ 411,321</u>	<u>\$ 761,431</u>	<u>\$ 350,110</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
CITY PENSION CONTRIBUTIONS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.012508000%	\$ 3,274,646	\$ 2,024,943	161.72%	79.01%
2023	0.012144000%	3,587,343	1,958,014	183.21%	75.74%
2022	0.012223000%	1,063,450	1,862,100	57.11%	92.62%
2021	0.011599000%	1,717,559	1,553,436	110.57%	86.88%
2020	0.011164000%	2,206,640	1,547,943	142.55%	82.17%
2019	0.011446000%	3,134,827	1,587,071	197.52%	74.70%
2018	0.011171000%	1,752,512	1,501,631	116.71%	84.66%
2017	0.011374000%	2,582,842	1,489,417	173.41%	77.25%
2016	0.011585000%	2,006,668	1,469,617	136.54%	81.08%
2015	0.011831000%	1,426,951	1,428,825	99.87%	86.45%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 298,453	\$ (298,453)	\$ -	\$ 2,131,807	14.00%
2023	283,492	(283,492)	-	2,024,943	14.00%
2022	274,122	(274,122)	-	1,958,014	14.00%
2021	260,694	(260,694)	-	1,862,100	14.00%
2020	217,481	(217,481)	-	1,553,436	14.00%
2019	216,712	(216,712)	-	1,547,943	14.00%
2018	222,190	(222,190)	-	1,587,071	14.00%
2017	195,212	(195,212)	-	1,501,631	13.00%
2016	178,730	(178,730)	-	1,489,417	12.00%
2015	176,354	(176,354)	-	1,469,617	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
CITY PENSION CONTRIBUTIONS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - COMBINED PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.000000000%	\$ -	\$ -	0.00%	144.55%
2023	0.001447000%	3,410	6,236	54.68%	137.14%
2022	0.015876000%	62,552	72,379	86.42%	169.88%
2021	0.014647000%	42,281	64,550	65.50%	157.67%
2020	0.014294000%	29,806	63,629	46.84%	145.28%
2019	0.014687000%	16,423	62,814	26.15%	126.64%
2018	0.014650000%	19,943	60,000	33.24%	137.28%
2017	0.015349000%	8,543	59,750	14.30%	116.55%
2016	0.016420000%	7,990	59,750	13.37%	116.90%
2015	0.016101000%	6,199	58,858	10.53%	114.83%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ -	12.00%
2023	-	-	-	-	12.00%
2022	873	(873)	-	6,236	14.00%
2021	10,133	(10,133)	-	72,379	14.00%
2020	9,037	(9,037)	-	64,550	14.00%
2019	8,908	(8,908)	-	63,629	14.00%
2018	8,794	(8,794)	-	62,814	14.00%
2017	7,800	(7,800)	-	60,000	13.00%
2016	7,170	(7,170)	-	59,750	12.00%
2015	7,170	(7,170)	-	59,750	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
CITY PENSION CONTRIBUTIONS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - MEMBER DIRECTED PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.005619000%	\$ 626	\$ 41,390	1.51%	134.44%
2023	0.004760000%	372	32,320	1.15%	126.74%
2022	0.004705000%	854	29,500	2.89%	171.84%
2021	0.002040000%	372	12,250	3.04%	188.21%
2020	0.001247000%	47	7,410	0.63%	118.84%
2019	0.001296000%	30	7,410	0.40%	113.42%
2018	0.002586000%	90	14,170	0.64%	124.46%
2017	0.003163000%	13	16,421	0.08%	103.40%
2016	0.002453000%	9	17,253	0.05%	103.91%
2015	n/a	n/a	n/a	0.00%	107.10%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 5,481	\$ (5,481)	\$ -	\$ 54,810	10.00%
2023	4,139	(4,139)	-	41,390	10.00%
2022	3,232	(3,232)	-	32,320	10.00%
2021	2,950	(2,950)	-	29,500	10.00%
2020	1,225	(1,225)	-	12,250	10.00%
2019	741	(741)	-	7,410	10.00%
2018	741	(741)	-	7,410	10.00%
2017	1,417	(1,417)	-	14,170	10.00%
2016	1,560	(1,560)	-	13,000	12.00%
2015	1,639	(1,639)	-	13,658	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.
n/a - information not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.060162400%	\$ 5,812,518	\$ 1,914,416	303.62%	63.63%
2023	0.056903200%	5,405,252	1,775,137	304.50%	62.90%
2022	0.052530800%	3,281,821	1,631,032	201.21%	75.03%
2021	0.058852800%	4,012,048	1,472,458	272.47%	70.65%
2020	0.054493600%	3,670,980	1,424,700	257.67%	69.89%
2019	0.056434000%	4,606,506	1,441,911	319.47%	63.07%
2018	0.056737000%	3,482,235	1,408,905	247.16%	70.91%
2017	0.053835000%	3,409,874	1,279,863	266.42%	68.36%
2016	0.054786000%	3,524,435	1,229,737	286.60%	66.77%
2015	0.054141300%	2,804,745	1,185,121	236.66%	71.71%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Police:</i>					
2024	\$ 379,169	\$ (379,169)	\$ -	\$ 1,995,626	19.00%
2023	363,739	(363,739)	-	1,914,416	19.00%
2022	337,276	(337,276)	-	1,775,137	19.00%
2021	309,896	(309,896)	-	1,631,032	19.00%
2020	279,767	(279,767)	-	1,472,458	19.00%
2019	270,693	(270,693)	-	1,424,700	19.00%
2018	273,963	(273,963)	-	1,441,911	19.00%
2017	267,692	(267,692)	-	1,408,905	19.00%
2016	243,174	(243,174)	-	1,279,863	19.00%
2015	233,650	(233,650)	-	1,229,737	19.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.011897000%	\$ (107,372)	\$ 2,066,333	5.20%	107.76%
2023	0.011542000%	72,775	1,996,570	3.65%	94.79%
2022	0.012029000%	(376,767)	1,963,979	19.18%	128.23%
2021	0.011310000%	(201,497)	1,630,236	12.36%	115.57%
2020	0.010868000%	1,501,153	1,618,982	92.72%	47.80%
2019	0.011143000%	1,452,784	1,657,295	87.66%	46.33%
2018	0.010950000%	1,189,089	1,575,801	75.46%	54.14%
2017	0.011151250%	1,126,314	1,565,588	71.94%	54.05%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 2,193	\$ (2,193)	\$ -	\$ 2,186,617	0.10%
2023	1,656	(1,656)	-	2,066,333	0.08%
2022	1,292	(1,292)	-	1,996,570	0.06%
2021	1,180	(1,180)	-	1,963,979	0.06%
2020	490	(490)	-	1,630,236	0.03%
2019	296	(296)	-	1,618,982	0.02%
2018	296	(296)	-	1,657,295	0.02%
2017	16,183	(16,183)	-	1,575,801	1.03%
2016	31,722	(31,722)	-	1,562,167	2.03%
2015	30,587	(30,587)	-	1,543,025	1.98%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.060162400%	\$ 439,264	\$ 1,914,416	22.95%	51.89%
2023	0.056903200%	405,134	1,775,137	22.82%	52.59%
2022	0.052530800%	575,783	1,631,032	35.30%	46.86%
2021	0.058852800%	623,555	1,472,458	42.35%	45.42%
2020	0.054493600%	538,273	1,424,700	37.78%	47.08%
2019	0.056434000%	513,918	1,441,911	35.64%	46.57%
2018	0.056737000%	3,214,667	1,408,905	228.17%	14.13%
2017	0.053835000%	2,555,426	1,279,863	199.66%	15.96%
 Contributions in Relation to the Contractually Required Contributions					
Fiscal Year	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Police:</i>					
2024	\$ 9,978	\$ (9,978)	\$ -	\$ 1,995,626	0.50%
2023	9,572	(9,572)	-	1,914,416	0.50%
2022	8,876	(8,876)	-	1,775,137	0.50%
2021	8,155	(8,155)	-	1,631,032	0.50%
2020	7,362	(7,362)	-	1,472,458	0.50%
2019	7,124	(7,124)	-	1,424,700	0.50%
2018	7,210	(7,210)	-	1,441,911	0.50%
2017	7,045	(7,045)	-	1,408,905	0.50%
2016	6,399	(6,399)	-	1,279,863	0.50%
2015	6,315	(6,315)	-	1,229,737	0.50%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BUDGETARY PROCESS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, the 35% street construction fund, and the TIF fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	35% Street		
	<u>General fund</u>	<u>Construction</u>	<u>Tax Increment</u>
Budget basis	\$ 1,186,047	\$ 306,281	\$ 286,910
Net adjustment for revenue accruals	(958,793)	11,121	-
Net adjustment for expenditure accruals	<u>(542,351)</u>	<u>(2,632)</u>	<u>-</u>
GAAP Basis	<u><u>\$ (315,097)</u></u>	<u><u>\$ 314,770</u></u>	<u><u>\$ 286,910</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the subdivision inspection fund.

CITY OF ONTARIO, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.

CITY OF ONTARIO, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Changes in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.
- There were no changes in assumptions for 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF ONTARIO, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF ONTARIO, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) investment rate of return was reduced from 8.25% to 8.00%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66% and (b) the municipal bond rate was increased from 3.16% to 4.13%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed to 4.07% and (b) and the municipal bond rate was changed to 3.38%.

**Independent Auditor's 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***

City of Ontario
Richland County
555 Stumbo Road
Ontario, Ohio 44906

To the Members of Council and Mayor:

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 of the City of Ontario, Richland County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Ontario's basic financial statements, and have issued our report thereon dated June 13, 2025, wherein we noted as described in Note 3 to the financial statements, the City of Ontario restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences".

Report on Internal Control over Financial Reporting

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

City of Ontario
Richland County
Independent Auditor's 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*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ontario'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 City of Ontario's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ontario's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.

June 13, 2025

OHIO AUDITOR OF STATE KEITH FABER



CITY OF ONTARIO

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/29/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov