



Dave Yost • Auditor of State



**CITY OF DEFIANCE  
DEFIANCE COUNTY**

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**CITY OF DEFIANCE  
DEFIANCE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Assistance</i>			
Edward Byrne Memorial Justice Assistance Grant - ARRA	2009-SB-B9-0838	16.804	\$21,788
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Safe Routes to School Grant		20.205	166,921
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Home Investment Partnerships Program (Chip)	A-C-09-2BD-2	14.239	111,082
Community Development Block Grant (Home)	A-C-09-2BD-1	14.228	46,114
Community Development Block Grant (Revitalization)	A-T-07-2BD-1	14.228	51,486
Community Development Block Grant (Revitalization)	A-T-09-2BD-1	14.228	67,257
Community Development Block Grant (Revolving Loans )	n/a	14.228	240,604
Total			<u>405,461</u>
Total U.S. Department of Housing and Urban Development			<u><b>516,543</b></u>
<b>Total</b>			<u><u><b>\$705,252</b></u></u>

*The accompanying notes are an integral part of this schedule.*

**CITY OF DEFIANCE  
DEFIANCE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Defiance, Defiance County, Ohio, (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property or Uniform Commercial Filings (UCC) that collateralize machinery and equipment.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$1,492,009
Loans made	207,500
Loan principal repaid	(259,108)
Ending loans receivable balance as of December 31, 2010	<u>\$1,440,401</u>
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$348,663
Program Expenditures:	
Revolving Loan Issued in 2010	\$207,500
Revolving Loan 2010 Administrative Cost	33,104
Other Grants Administered through the CDBG 14.228 Program	164,857
	<u>          </u>
Total CDBG 14.228 Program	<u>\$405,461</u>

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2010, the City estimates \$2,576 to be uncollectible.

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Defiance  
Defiance County  
631 Perry Street  
Defiance, Ohio 43512-2779

To the Members of the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 25, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 30, 2011.

We intend this report solely for the information and use of management, the audit committee, City Council, federal awarding agencies, pass-through entities, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

August 25, 2011





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of Defiance  
Defiance County  
631 Perry Street  
Defiance, Ohio 43512-2779

To the Members of the City Council:

### Compliance

We have audited the compliance of the City of Defiance, Defiance County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Defiance, Defiance County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated August 25, 2011.

#### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Defiance as of and for the year ended December 31, 2010, and have issued our report thereon dated August 25, 2011. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, City Council, others within the City, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

August 25, 2011

**CITY OF DEFIANCE  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grants/State's Program CFDA 14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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# Comprehensive Annual Financial Report

for the year ended December 31, 2010



**CITY OF DEFLANCE, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2010

JOHN W. LEHNER  
FINANCE DIRECTOR

PREPARED BY THE CITY FINANCE DEPARTMENT





## INTRODUCTORY SECTION

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**CITY OF DEFIANCE, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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Bob Armstrong  
Mayor

Jeffery S. Leonard  
City Administrator

John W. Lehner  
Finance Director

David H. Williams  
Law Director

August 25, 2011

Honorable Mayor Bob Armstrong  
Members of City Council  
Citizens of Defiance, Ohio

Letter of Transmittal

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Defiance, Ohio for the year ended December 31, 2010. The CAFR is the official report of the City's operations and financial position for the year, and has been developed for the benefit of the City's residents and elected officials, investment banks, underwriters and all other interested parties. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

The CAFR consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

State statutes require the City to be subjected to an annual examination by the Auditor of State. Based upon this year's examination, the Auditor of State's office concluded that there was a reasonable basis for rendering an unqualified opinion that Defiance, Ohio's financial statements for the year ended December 31, 2010 are fairly presented in conformity with GAAP. The Independent Accountant's Report is presented as the first component of the financial section of this report.

As part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2010 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Accountant's Report.

## **Profile of the Government**

The City of Defiance is located in the northwest corner of Ohio and serves as the county seat of Defiance County. It was named for Fort Defiance, built at the confluence of the Auglaize and Maumee Rivers as a frontier outpost in 1794 and utilized as a staging area for attacks against the British in the War of 1812. The City was founded in 1822.

Today, the City of approximately 16,500 residents serves as a significant commercial center for a five county, predominantly agricultural area, and is home to numerous industrial operations, including those of General Motors (automotive) and Johns Manville (construction materials/insulation). It is also home to Defiance College, an independent liberal arts college founded in 1850.

The City of Defiance is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's charter was adopted in its original form on November 8, 1983 and provides for a "Mayor-Council" form of government. The laws of the State of Ohio prevail when conflicts exist between the charter and the State constitution and in matters where the charter is silent. The charter can only be amended by a majority vote of the City's registered voters.

The Mayor is elected to a four year term that begins on the first day of January following the election. According to the charter, the Mayor is the chief executive officer of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all departments and divisions. The Mayor appoints a City Administrator, Law Director, and Finance Director with the advice and consent of a majority of Council. The Administrator serves as the principal managerial aide to the Mayor.

Legislative authority is vested in a seven-member Council, four of which are elected from existing wards and three are elected at-large. Council members are elected to staggered four year terms in the odd numbered years, and terms begin on the first day of January following the election. The Council enacts legislation in the form of ordinances and resolutions relative to City services, appropriating and borrowing monies, and other municipal purposes. The President of Council is elected at-large to a four year term. The President presides over all Council meetings, renders a vote only in case of a tie, and serves as the acting Mayor when the Mayor is absent or for any reason unable to perform the duties of the office.

The Council is required to adopt an annual appropriation measure which serves as the foundation for the City's financial planning and control. The legal level of budgetary control as established in the appropriation ordinance is at the fund, department, and object level ("personnel", "operating", etc.). Budgetary modifications at the legal level of control may only be made by a subsequent resolution of Council.

The City provides a full range of municipal services including police, fire, and emergency medical services; water and sewer utilities; street maintenance; parks and recreation; planning and zoning; a municipal court; and general administrative services.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy** - In spite of the "Great Recession" that began in 2008, and from which Defiance and northwest Ohio are only now slowly recovering, there are reasons to believe that the City is well positioned to participate fully as the economy begins to grow again at regional and national levels.

At the peak of the downturn, regional unemployment rates reached some of the highest levels in the nation, topping 16.7 percent in Defiance County in June 2009. By December 2010, the County's unemployment rate had improved to 9.7 percent and was much closer to the national average of 9.4 percent. City income



tax collections improved in 2010, as well, showing a 1% increase following declines of 10.1 and 12.2 percent in 2008 and 2009, respectively.

The City's capacity for future growth and development is promising. Defiance is centrally located within one hour of Toledo, Ohio and Fort Wayne, Indiana. Its strategic location also provides excellent access to Cleveland, Cincinnati, Detroit and Chicago. Transportation needs are met by numerous State routes, but most importantly by U.S. Route 24, which upon completion of its current expansion to a four-lane highway between Fort Wayne and Toledo--the "Fort to Port" project--will provide easier access to the Ohio Turnpike and Interstate Highways 75 in Ohio and 69 in Indiana. Improvements through the Defiance area are complete, and the modernized interchanges have already prompted new commercial development. The remaining unfinished portions of the project will be completed by mid-2012.

### "Fort to Port" – US Route 24 Expansion Completed to Date in RED



**Long Term Financial Planning** - Like many cities in the Great Lakes region, Defiance is financially burdened by U.S. Environmental Protection Agency mandates to reduce its number of combined sewer overflows into local waterways. Overflows typically occur during significant rainfall events that overwhelm the capacity of the sewer system. The twenty-year cost of separating the storm and sanitary sewers throughout the City is currently estimated at \$118 million. The City is into its sixth year of the project and has borrowed approximately \$29 million through a combination of short term note issues and low interest loans through the Ohio Water Development Authority. Current and future debt service payments are funded through user rates charged to the system's 6,500 customers, and have caused the need for significant and unpopular multi-year increases to the utility rate schedule. Continued rate increases could have long-term negative effects on the City's ability to retain and attract employers and are already adding to the current economic difficulties residents face. Defiance is actively seeking relief by investigating modified project strategies that could result in potential savings and by requesting additional financial assistance from State and Federal agencies. Either or both of those efforts could yield measurable results in 2011.

Outstanding general obligation debt totals \$8.64 million, representing \$524 per capita. The vast majority of this balance, however, is being funded from revenues of the water treatment utility, not general tax dollars. In 2011, the City will be issuing 20-year general obligation bonds of approximately \$4.5 million to finance

a newly completed municipal courthouse. A significant portion of the debt service on this facility will be paid from court revenues.

**Major Budget Initiatives** – Since 2008, the City has reduced its general fund operating expenditures by 12.7 percent, spending just over \$9.0 million dollars in 2010. Due to declining income tax revenues, the City imposed tight spending constraints on all departments and worked creatively to provide consistent service levels with modified and reduced staff through attrition.

At the same time, 2010 was a very busy construction year, as the City benefited from numerous federal and State grants and Ohio Department of Transportation projects within the City. Projects included the widening and rebuild of N. Clinton Street through the City’s largest retail shopping district, replacement of the U.S. Route 24 overpass on N. Clinton Street, street repaving throughout the downtown area, a new landing and boat dock at the city reservoir, and several other projects.

The City also received a \$2,644,000 ARRA grant for its ongoing combined sewer separation project. In total, the City benefited from ARRA funds totaling over \$5.1 million.

**Relevant Financial Policies** - In 2010, the City broadened certain provisions in its investment policy to more closely match terms allowed under the Ohio Revised Code. The changes expand the City’s options related to eligible instruments, maximum maturities, and allocation among instrument types to help improve yields in the current low interest rate environment. In addition, the City is currently working to finalize formal policies related to debt and to reserve fund balances, each of which should be adopted in 2011.

#### **Awards and Acknowledgements**

I would like to express my appreciation to the employees of the Defiance Finance Department for maintaining the accounting records of the City on an accurate and timely basis and for their professionalism throughout the year.

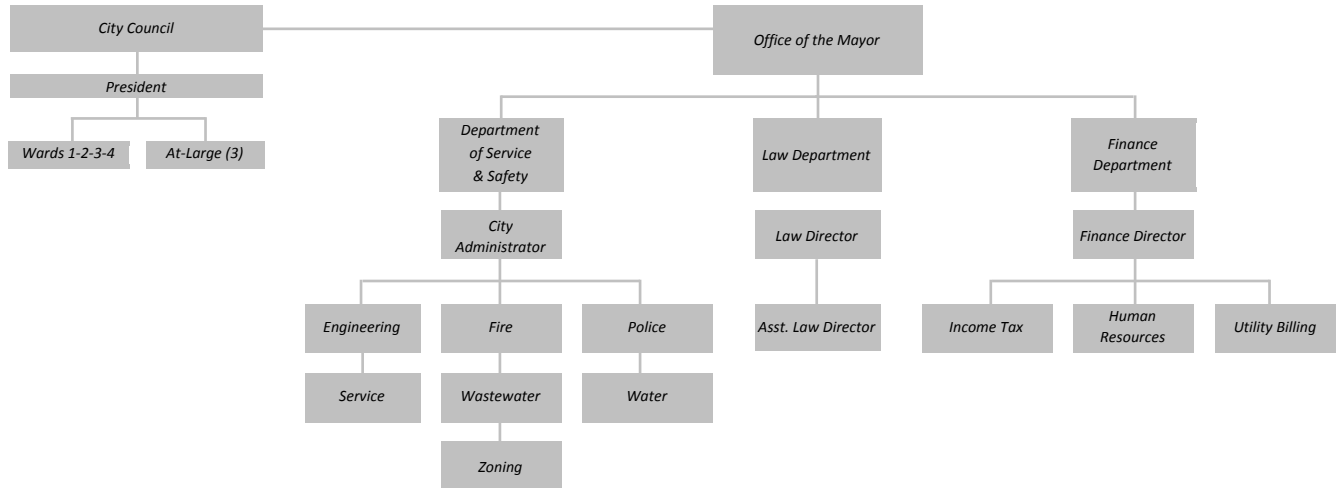
I would also like to thank the Mayor and Members of Council for their ongoing support of excellence in financial reporting and disclosure, and to Julian & Grube, Inc. for their assistance with the preparation of this CAFR.

Respectfully submitted,



John W. Lehner  
Finance Director

**CITY OF DEFIANCE, OHIO**  
ORGANIZATIONAL CHART



**CITY OF DEFIANCE, OHIO**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**AS OF DECEMBER 31, 2010**

Elected Officials

Mayor	Bob Armstrong
City Council:	
President	Tim Holtsberry
At-Large	Joe Eureste
At-Large	Mike Ketcham
At-Large	David Plant
1 <sup>st</sup> Ward	Gary Butler
2 <sup>nd</sup> Ward	Larry Bryant
3 <sup>rd</sup> Ward	Darrell Handy
4 <sup>th</sup> Ward	Chris Engel
Municipal Court Judge	John T. Rohrs, III

Appointed Officials

City Administrator	Jeffery S. Leonard
Law Director	David H. Williams
Finance Director	John W. Lehner
Council Clerk	Lisa Elders
Municipal Court Clerk	Julie Fitzenrider

## FINANCIAL SECTION

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Defiance  
Defiance County  
631 Perry Street  
Defiance, Ohio 43512-2779

To the Members of the City Council:

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 Defiance, Defiance County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements and individual fund schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements and individual fund schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The combining statements and individual fund schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



**Dave Yost**  
Auditor of State

August 25, 2011



## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

The management's discussion and analysis of the City of Defiance's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

#### Financial Highlights

Key financial highlights for 2010 are as follows:

- The total net assets of the City increased \$1,691,196. Net assets of governmental activities decreased \$1,141,962 or 4.84% under 2009 and net assets of business-type activities increased \$2,833,158 or 15.79% over 2009.
- General revenues accounted for \$9,415,419, or 70.09%, of total governmental activities revenue. Program specific revenues accounted for \$4,017,912, or 29.91%, of total governmental activities revenue.
- The City had \$13,986,732 in expenses related to governmental activities; \$4,017,912 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$9,968,820 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$9,415,419.
- The City has three major governmental funds, the general fund, the capital improvements fund and the municipal court construction fund. The general fund had revenues of \$8,480,935 in 2010. This represents an increase of \$475,503 from 2009. The expenditures and other financing uses of the general fund which totaled \$9,059,621 in 2010, decreased \$193,245 from 2009. While the City made useful efforts to reduce costs, reserves from prior years were needed to cover 2010 expenditures in the general fund. The net decrease in fund balance for the general fund was \$578,686 or 24.70%.
- The capital improvements fund had revenues of \$1,702,770 in 2010. This represents an increase of \$57,149 from 2009 revenues. The capital improvements fund made expenditures totaling \$1,566,714 during 2010 for street and other capital improvements, a decrease of \$263,194 from 2009, resulting in a net increase in fund balance of \$136,056 or 11.84%.
- The municipal court construction fund had revenues and other financing sources of \$250,501 and expenditures of \$3,371,453 during 2010. The net decrease in fund balance of \$3,120,952 is attributable to the completion of the municipal courthouse building construction project.
- Net assets for the business-type activities, which are made up of the water, sewer, refuse and utility deposit enterprise funds, increased in 2010 by \$2,833,158. The increase in business-type activities net assets is a result of an American Recovery and Reinvestment and Recovery Act (ARRA) grant the City received in 2010 for the combined sewer separation project.
- In the general fund, the actual revenues came in \$282,393 higher than they were in the final budget and actual expenditures and other financing uses were \$959,379 lower than the amount in the final budget as a result of tight spending restraints. Budgeted revenues increased \$9,800 from the original to the final budget. Budgeted expenditures and other financing uses increased \$143,339 from the original to the final budget.

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

#### **Using this Comprehensive Annual Financial Report (CAFR)**

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 assets 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.

#### **Reporting the City as a Whole**

##### *Statement of Net Assets 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 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses 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 *assets* and changes in those assets. This change in net assets 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 assets 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, fire and rescue, 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, sewer, refuse and utility deposits 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 focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

#### ***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.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, capital improvements fund, and municipal court construction 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. The basic governmental fund financial statements can be found on pages 20-24 of this report.

#### ***Proprietary Funds***

The City maintains two different types of 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, sewer, refuse and utility deposits management functions. The City's major enterprise funds are the water and sewer funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

#### ***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. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 29 of this report.

#### ***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. These notes to the basic financial statements can be found on pages 30-64 of this report.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

**Government-Wide Financial Analysis**

The table below provides a summary of the City's net assets at December 31, 2010 and 2009:

	<b>Net Assets</b>					
	Governmental	Business-type	Governmental	Business-type	2010	2009
	Activities	Activities	Activities	Activities	Total	Total
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>						
Current and other assets	\$ 11,476,978	\$ 6,466,929	\$ 14,925,834	\$ 4,480,295	\$ 17,943,907	\$ 19,406,129
Capital assets, net	<u>18,360,366</u>	<u>62,787,516</u>	<u>15,965,009</u>	<u>58,610,151</u>	<u>81,147,882</u>	<u>74,575,160</u>
Total assets	<u>29,837,344</u>	<u>69,254,445</u>	<u>30,890,843</u>	<u>63,090,446</u>	<u>99,091,789</u>	<u>93,981,289</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	789,577	46,165,325	839,313	43,570,150	46,954,902	44,409,463
Other liabilities	<u>6,578,806</u>	<u>2,316,211</u>	<u>6,440,607</u>	<u>1,580,545</u>	<u>8,895,017</u>	<u>8,021,152</u>
Total liabilities	<u>7,368,383</u>	<u>48,481,536</u>	<u>7,279,920</u>	<u>45,150,695</u>	<u>55,849,919</u>	<u>52,430,615</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	13,848,663	15,279,312	14,665,319	15,197,096	29,127,975	29,862,415
Restricted	6,390,323	-	6,348,089	-	6,390,323	6,348,089
Unrestricted	<u>2,229,975</u>	<u>5,493,597</u>	<u>2,597,515</u>	<u>2,742,655</u>	<u>7,723,572</u>	<u>5,340,170</u>
Total net assets	<u>\$ 22,468,961</u>	<u>\$ 20,772,909</u>	<u>\$ 23,610,923</u>	<u>\$ 17,939,751</u>	<u>\$ 43,241,870</u>	<u>\$ 41,550,674</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2010, the City's assets exceeded liabilities by \$43,241,870. At year-end, net assets were \$22,468,961 and \$20,772,909 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 assets. At December 31, 2010, capital assets represented 81.89% of total assets, as compared to 79.35% at December 31, 2009. Capital assets include land, construction in progress buildings and improvements, improvements other than buildings, equipment, vehicles and infrastructure. Capital assets of the governmental activities increased 15.00% over 2009 as a result of the completion of the municipal courthouse project. Capital assets of the business-type activities increased 7.13% over 2009 due to the ongoing sewer separation project and the completion of the water reservoir project. Capital assets, net of related debt to acquire the assets at December 31, 2010, were \$13,848,663 and \$15,279,312 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, 2010, the City is able to report positive balances in all three categories of net assets, 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 assets, \$6,390,323, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$2,229,975 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

The table below shows the changes in net assets for 2010 and 2009.

	<b>Change in Net Assets</b>					
	Governmental	Business-type	Governmental	Business-type	2010	2009
	Activities	Activities	Activities	Activities	Total	Total
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>Total</u>	<u>Total</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,835,173	\$ 10,888,651	\$ 1,707,860	\$ 9,610,881	\$ 12,723,824	\$ 11,318,741
Operating grants and contributions	1,685,214	-	1,644,771	-	1,685,214	1,644,771
Capital grants and contributions	<u>497,525</u>	<u>2,228,539</u>	<u>322,650</u>	<u>14,354</u>	<u>2,726,064</u>	<u>337,004</u>
Total program revenues	<u>4,017,912</u>	<u>13,117,190</u>	<u>3,675,281</u>	<u>9,625,235</u>	<u>17,135,102</u>	<u>13,300,516</u>
General revenues:						
Property taxes	877,798	-	831,397	-	877,798	831,397
Income taxes	6,875,884	-	6,532,181	-	6,875,884	6,532,181
Unrestricted grants and entitlements	1,024,894	-	909,503	-	1,024,894	909,503
Investment earnings	13,353	5,659	22,217	9,888	19,012	32,105
Payment in lieu of taxes	82,943	-	83,895	-	82,943	83,895
Miscellaneous	<u>540,547</u>	<u>264,453</u>	<u>99,418</u>	<u>269,208</u>	<u>805,000</u>	<u>368,626</u>
Total general revenues	<u>9,415,419</u>	<u>270,112</u>	<u>8,478,611</u>	<u>279,096</u>	<u>9,685,531</u>	<u>8,757,707</u>
Total revenues	<u>13,433,331</u>	<u>13,387,302</u>	<u>12,153,892</u>	<u>9,904,331</u>	<u>26,820,633</u>	<u>22,058,223</u>
Expenses:						
General government	3,429,558	-	3,405,877	-	3,429,558	3,405,877
Security of persons and property	6,043,793	-	5,727,001	-	6,043,793	5,727,001
Public health and welfare	224,256	-	207,391	-	224,256	207,391
Transportation	2,533,251	-	1,798,226	-	2,533,251	1,798,226
Community environment	556,280	-	522,191	-	556,280	522,191
Leisure time activity	740,699	-	697,284	-	740,699	697,284
Economic development	381,070	-	834,468	-	381,070	834,468
Other	-	-	15,700	-	-	15,700
Interest and fiscal charges	77,825	-	41,344	-	77,825	41,344
Water	-	4,224,602	-	4,196,427	4,224,602	4,196,427
Sewer	-	6,192,897	-	3,971,144	6,192,897	3,971,144
Other enterprise fund	<u>-</u>	<u>725,206</u>	<u>-</u>	<u>680,242</u>	<u>725,206</u>	<u>680,242</u>
Total expenses	<u>13,986,732</u>	<u>11,142,705</u>	<u>13,249,482</u>	<u>8,847,813</u>	<u>25,129,437</u>	<u>22,097,295</u>
Excess (deficiency) before transfers and special item	<u>(553,401)</u>	<u>2,244,597</u>	<u>(1,095,590)</u>	<u>1,056,518</u>	<u>1,691,196</u>	<u>(39,072)</u>
Special item	-	-	-	437,711	-	437,711
Transfers	<u>(588,561)</u>	<u>588,561</u>	<u>(6,465)</u>	<u>6,465</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,141,962)	2,833,158	(1,102,055)	1,500,694	1,691,196	398,639
Net assets, beginning of year	<u>23,610,923</u>	<u>17,939,751</u>	<u>24,712,978</u>	<u>16,439,057</u>	<u>41,550,674</u>	<u>41,152,035</u>
Net assets, end of year	<u>\$ 22,468,961</u>	<u>\$ 20,772,909</u>	<u>\$ 23,610,923</u>	<u>\$ 17,939,751</u>	<u>\$ 43,241,870</u>	<u>\$ 41,550,674</u>

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

**Governmental Activities**

Governmental activities net assets decreased \$1,141,962 in 2010.

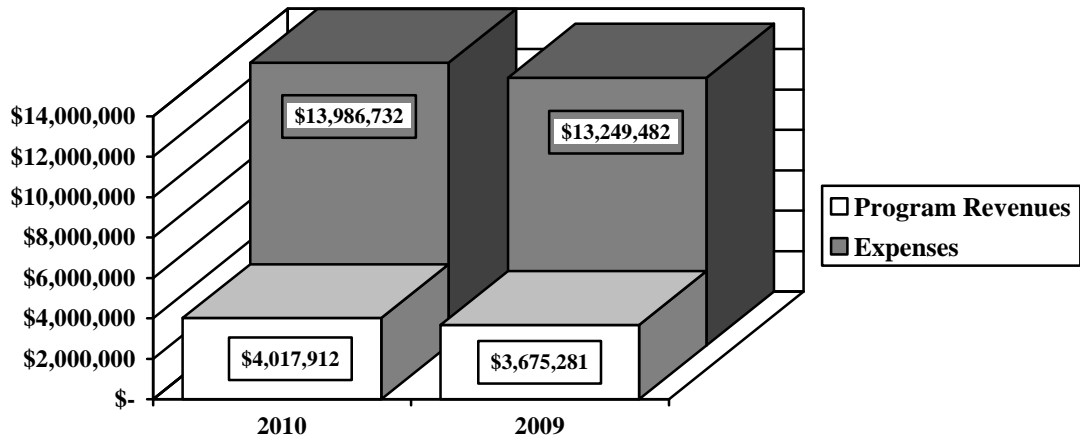
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$6,043,793 of the total expenses of the City. These expenses were partially funded by \$1,343,214 in direct charges to users of the services and \$106,261 in operating grants and contributions. Transportation expenses totaled \$2,533,251. Transportation expenses were partially funded by \$1,183,706 in operating grants and contributions and \$355,015 in capital grants and contributions.

The state and federal government contributed to the City a total of \$1,685,214 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$10,241 subsidized general government programs. The City received a Safe Routes to School grant from the Ohio Department of Transportation during 2010 which resulted in an increase of 54.20% in capital grants and contributions.

General revenues totaled \$9,415,419, and amounted to 70.09% of total governmental revenues, an increase of 11.05% from 2009. These revenues primarily consist of property and income tax revenue of \$7,753,682. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue and personal property tax reimbursements, making up \$1,024,894. General revenues increased over 2009 as a result of an improvement in City income tax collections during 2010 and miscellaneous revenues for fire and rescue programs.

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 graph below, 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**



**CITY OF DEFIANCE, OHIO**

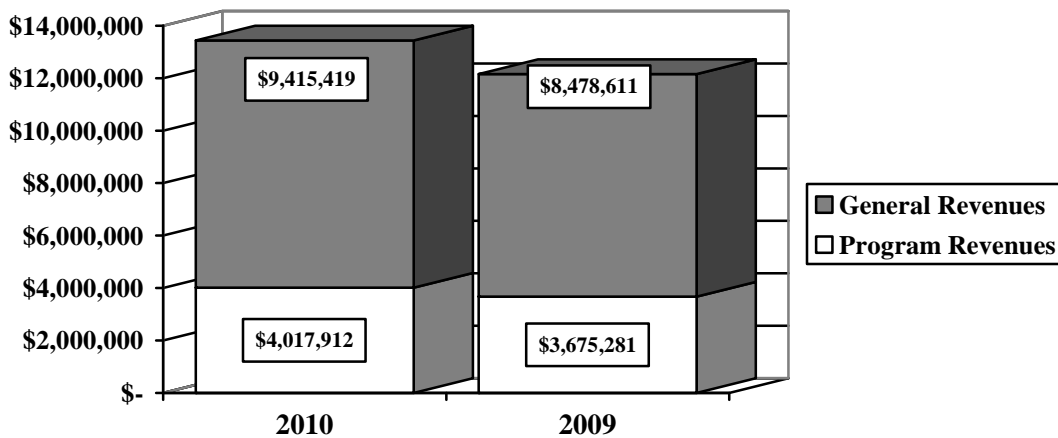
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

**Governmental Activities**

	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
<b>Program Expenses:</b>				
General government	\$ 3,429,558	\$ 3,129,621	\$ 3,405,877	\$ 2,965,552
Security of persons and property	6,043,793	4,594,318	5,727,001	4,458,553
Public health and welfare	224,256	151,807	207,391	165,870
Transportation	2,533,251	994,530	1,798,226	711,151
Community environment	556,280	429,746	522,191	426,769
Leisure time activity	740,699	572,354	697,284	676,038
Economic development	381,070	18,619	834,468	113,224
Other	-	-	15,700	15,700
Interest and fiscal charges	<u>77,825</u>	<u>77,825</u>	<u>41,344</u>	<u>41,344</u>
<b>Total</b>	<b><u>\$ 13,986,732</u></b>	<b><u>\$ 9,968,820</u></b>	<b><u>\$13,249,482</u></b>	<b><u>\$ 9,574,201</u></b>

The dependence upon general revenues for governmental activities is apparent, with 71.27% and 72.26% of expenses supported through taxes and other general revenues for 2010 and 2009, respectively.

**Governmental Activities - General and Program Revenues**



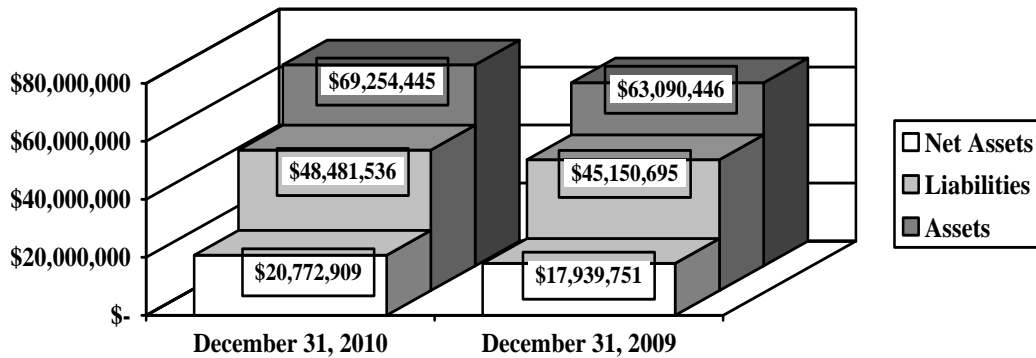
**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)

**Business-type Activities**

Business-type activities include the water, sewer, refuse and utility deposit enterprise funds. These programs had program revenues of \$13,117,190, general revenues of \$270,112, transfers in of \$588,561 and expenses of \$11,142,705 for 2010. The Sewer fund received an ARRA grant, which is reported in capital grants and contributions program revenues, in 2010 for the combined sewer separation project. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

**Net Assets in Business - Type Activities**



**Financial Analysis of the Government'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, unreserved 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 \$3,512,431 which is \$3,681,944 below last year's total of \$7,194,375. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2010 for all major and nonmajor governmental funds.

	Fund Balances (Deficit) <u>12/31/10</u>	Fund Balances (Deficit) <u>12/31/09</u>	Increase (Decrease)
<b>Major funds:</b>			
General	\$ 1,764,460	\$ 2,343,146	\$ (578,686)
Capital improvements	1,284,825	1,148,769	136,056
Municipal court construction	(4,189,062)	(1,068,110)	(3,120,952)
Other nonmajor governmental funds	<u>4,652,208</u>	<u>4,770,570</u>	<u>(118,362)</u>
<b>Total</b>	<u>\$ 3,512,431</u>	<u>\$ 7,194,375</u>	<u>\$(3,681,944)</u>



**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

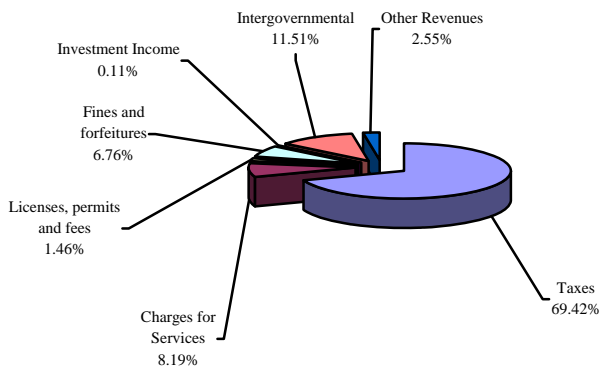
**General Fund**

While the City made efforts to reduce costs, a decision was made to utilize a portion general fund reserves to cover 2010 expenditures in the general fund. The City's general fund balance decreased \$578,686. The table that follows assists in illustrating the revenues of the general fund.

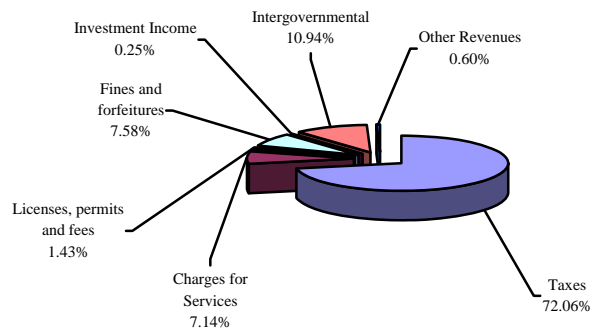
	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues</b>				
Taxes	\$ 5,886,537	\$ 5,767,771	\$ 118,766	2.06 %
Charges for services	694,839	571,338	123,501	21.62 %
Licenses, permits and fees	124,110	114,843	9,267	8.07 %
Fines and forfeitures	573,556	607,056	(33,500)	(5.52) %
Investment income	9,611	20,180	(10,569)	(52.37) %
Intergovernmental	975,877	875,958	99,919	11.41 %
Other	<u>216,405</u>	<u>48,286</u>	<u>168,119</u>	348.17 %
<b>Total</b>	<u>\$ 8,480,935</u>	<u>\$ 8,005,432</u>	<u>\$ 475,503</u>	5.94 %

Tax revenue represents 69.42% of all general fund revenue. Tax revenue increased by \$118,766 or 2.06% from the prior year. This increase is due mainly to increased collections of income and real estate taxes. The increase of \$99,919 or 11.41% in the area of intergovernmental revenues can be attributed to an increase in state levied and shared taxes at year end. The decrease in investment income is a reduction in investments held by the City during the year.

**Revenues - 2010**



**Revenues - 2009**



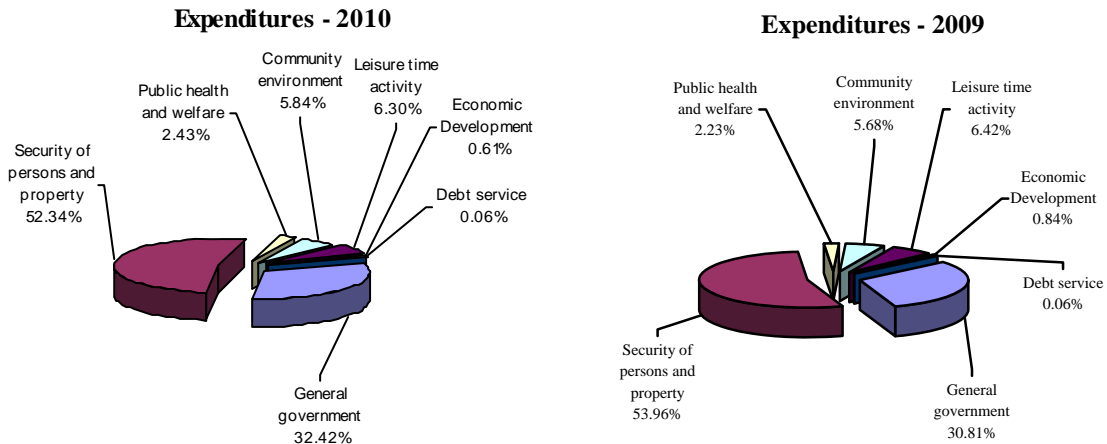
**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

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

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
General government	\$ 2,792,555	\$ 2,709,744	\$ 82,811	3.06 %
Security of persons and property	4,509,749	4,746,814	(237,065)	(4.99) %
Public health and welfare	209,367	195,960	13,407	6.84 %
Community environment	502,949	499,783	3,166	0.63 %
Leisure time activity	542,834	565,067	(22,233)	(3.93) %
Economic development	52,629	73,958	(21,329)	(28.84) %
Debt service	<u>5,538</u>	<u>5,540</u>	<u>(2)</u>	(0.04) %
<b>Total</b>	<b><u>\$ 8,615,621</u></b>	<b><u>\$ 8,796,866</u></b>	<b><u>\$ (181,245)</u></b>	<b>(2.06) %</b>

Expenditures of the general fund decreased \$181,245 or 2.06%. The largest expenditure of the City, security of persons and property, decreased \$237,065 or 4.99%. Leisure time activity decreased \$22,233 or 3.93% and is primarily due to the decrease of salaries and wages during the year of around \$15,000. General government expenditures increased \$82,811 or 3.06% and can be attributed to rising costs of the economy. All other expenditures remained comparable to 2009.



***Capital Improvements Fund***

The capital improvements fund had revenues of \$1,702,770 in 2010. This represents an increase of \$57,149 from 2009 revenues. The expenditures of the capital improvements fund, which totaled \$1,566,714 in 2010, decreased \$263,194 from 2009. The net increase in fund balance for the capital improvements fund was \$136,056 or 11.84%.

***Municipal Court Construction Fund***

The municipal court construction fund had revenues and other financing sources of \$250,501 in 2010. The expenditures of the municipal court construction fund totaled \$3,371,453 in 2010. The net decrease in fund balance for the municipal court construction fund was \$3,120,952.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)

***Budgeting Highlights***

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 revenues 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.

Budgetary information is presented for the general fund. In the general fund, the actual revenues were \$8,358,947 which was \$282,393 more than the final budgeted revenues of \$8,076,554. Original budgeted revenues were \$8,066,754, \$292,193 lower than the actual revenues. Based on significant declines in the income tax in 2008 and 2009, conservative estimates were used in the 2010 budget. Actual expenditures and other financing uses were \$9,082,522, which was \$959,379 lower than the final budgeted expenditures and other financing uses of \$10,041,901 due to conservative spending by the City. Original budgeted expenditures and other financing uses were \$9,898,562, \$143,339 lower than the final budgeted expenditures.

***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. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds, are reported in the proprietary fund statements.

**Capital Assets and Debt Administration**

***Capital Assets***

At December 31, 2010, the City had \$81,147,882 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings (IOTB), equipment, vehicles, infrastructure and construction in progress. Of this total, \$18,360,366 was reported in governmental activities and \$62,787,516 was reported in business-type activities. The following table shows December 31, 2010 capital assets compared to December 31, 2009:

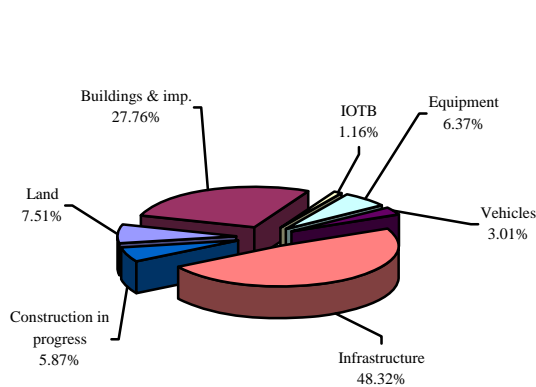
**Capital Assets at December 31  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 1,378,358	\$ 1,378,358	\$ 280,171	\$ 280,171	\$ 1,658,529	\$ 1,658,529
IOTB	212,236	237,769	396,610	425,716	608,846	663,485
Buildings and improvements	5,097,629	1,260,021	18,614,460	19,244,916	23,712,089	20,504,937
Equipment	1,168,639	1,295,830	1,053,830	469,579	2,222,469	1,765,409
Vehicles	553,443	409,340	285,440	292,514	838,883	701,854
Infrastructure	8,873,036	9,245,092	17,307,546	17,131,297	26,180,582	26,376,389
Construction in progress	<u>1,077,025</u>	<u>2,138,599</u>	<u>24,849,459</u>	<u>20,765,958</u>	<u>25,926,484</u>	<u>22,904,557</u>
Totals	<u>\$ 18,360,366</u>	<u>\$ 15,965,009</u>	<u>\$ 62,787,516</u>	<u>\$ 58,610,151</u>	<u>\$ 81,147,882</u>	<u>\$ 74,575,160</u>

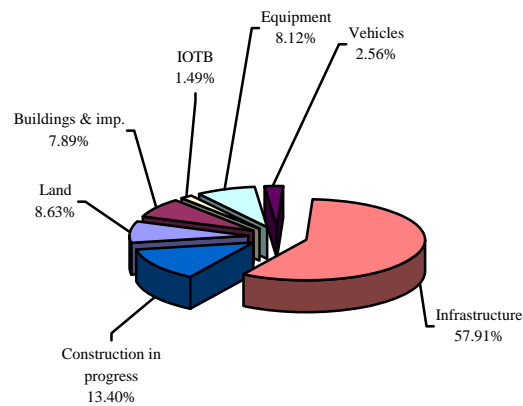
**CITY OF DEFIANCE, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(UNAUDITED)**

The following graphs show the breakdown of governmental capital assets by category for 2010 and 2009.

**Capital Assets - Governmental Activities 2010**



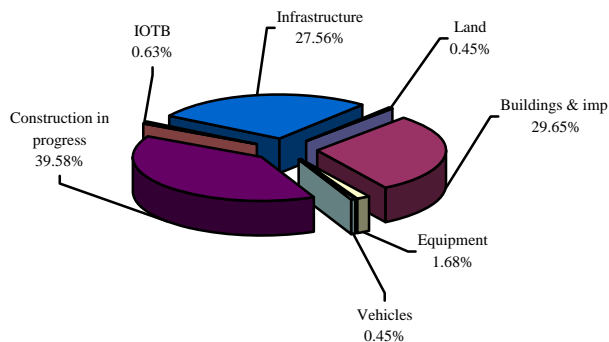
**Capital Assets - Governmental Activities 2009**



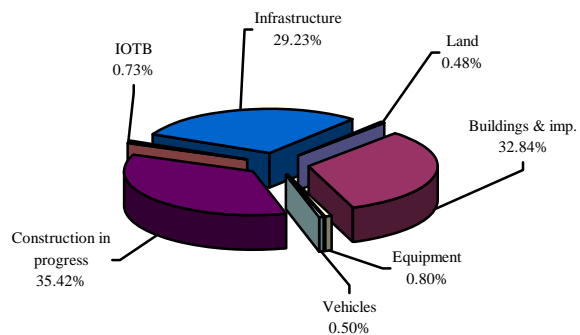
The capital asset category infrastructure includes roads, bridges, culverts, sidewalks and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 48.32% of the City's total governmental capital assets at December 31, 2010.

The following graphs show the breakdown of business-type capital assets by category for 2010 and 2009.

**Capital Assets - Business-Type Activities 2010**



**Capital Assets - Business-Type Activities 2009**



The City's third 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 27.56% of the City's total business-type capital assets at December 31, 2010.

See Note 9 for detail on capital assets.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)**

***Debt Administration***

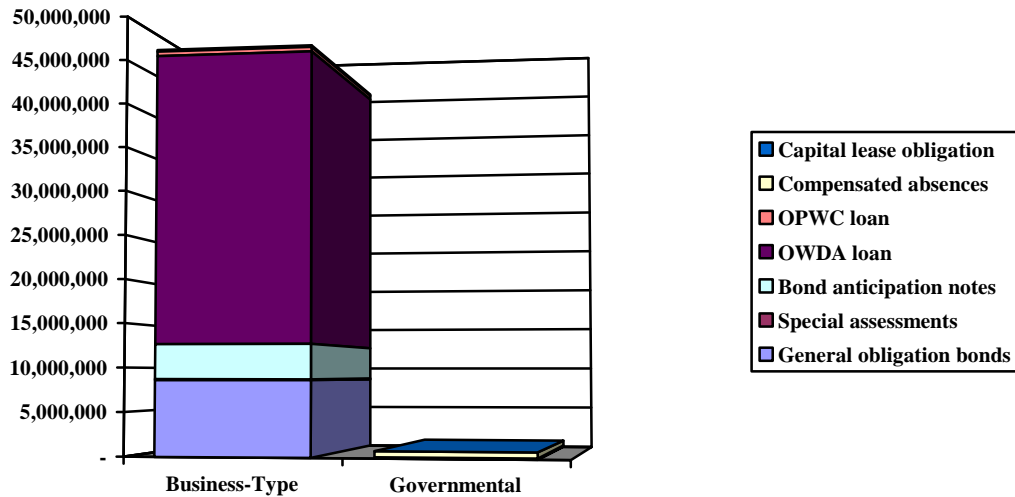
The City had the following long-term obligations outstanding at December 31, 2010 and 2009:

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Compensated absences	\$ 640,997	\$ 586,030
General obligation bonds	40,000	80,000
Special assessment bonds	106,815	166,358
Capital lease obligation	<u>1,765</u>	<u>6,925</u>
Total long-term obligations	<u>\$ 789,577</u>	<u>\$ 839,313</u>

	Business-type Activities	
	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 8,595,000	\$ 9,135,000
Special assessment bonds	94,182	101,018
OWDA loan	32,714,041	29,051,352
OPWC loan	530,737	607,863
Bond anticipation notes	3,920,000	4,347,000
Capital lease obligation	-	3,041
Compensated absences	<u>157,121</u>	<u>157,095</u>
Total long-term obligations	<u>\$ 46,011,081</u>	<u>\$ 43,402,369</u>

See Note 12 for detail on long-term debt obligations. A comparison of the long-term obligations by category is depicted in the chart below.

**Long-term obligations**



## **CITY OF DEFIANCE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)**

#### **Economic Outlook and Next Year's Budget**

The City entered the 2011 budget process confident that double-digit revenue declines of 2008 and 2009 had leveled off. Income tax revenues in 2010 showed a modest one percent gain, and in fact, employee withholding taxes increased 2.5 percent. This was consistent with improving unemployment numbers throughout the region.

However, a "leveling off" does not equate to a recovery to pre-2008 levels. Revenue projections for the 2011 budget were very conservative, and included only a 1.0 percent projected increase in income tax receipts. The 2011 General Fund budget was again going to rely on prior year reserves to balance. On the expense side, 2011 salaries were frozen at 2010 levels, and additional savings were identified throughout the budget. Several staff vacancies were left unfunded, and overtime, travel and training budgets were significantly reduced. Rumors of upcoming State budget reductions in local funding further supported the City's cautious approach.

Overall, the 2011 General Fund appropriation was reduced by 3.4 percent from the 2010 appropriation, but it was understood that unless tax revenues showed marked improvement in the first quarter, the City would have to consider further reductions in mid-year.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Defiance, 631 Perry Street, Defiance, Ohio 43512.

BASIC  
FINANCIAL STATEMENTS

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**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2010

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . .	\$ 6,598,501	\$ 5,292,526	\$ 11,891,027
Investments . . . . .	150,846	-	150,846
Cash with escrow agent . . . . .	67,238	219	67,457
Cash in segregated accounts . . . . .	361	-	361
Receivables (net of allowances for uncollectibles):			
Income taxes . . . . .	1,062,349	-	1,062,349
Property and other local taxes . . . . .	786,068	-	786,068
Payment in lieu of taxes . . . . .	68,600	-	68,600
Accounts . . . . .	321,036	552,351	873,387
Loans . . . . .	1,437,825	-	1,437,825
Special assessments . . . . .	166,098	73,495	239,593
Accrued interest . . . . .	980	667	1,647
Due from other governments . . . . .	777,656	-	777,656
Materials and supplies inventory . . . . .	39,839	84,462	124,301
Internal balance . . . . .	(419)	419	-
Unamortized bond issue costs . . . . .	-	154,245	154,245
Restricted assets:			
Equity in pooled cash and cash equivalents . .	-	308,545	308,545
Capital assets:			
Land and construction-in-progress . . . . .	2,455,383	25,129,630	27,585,013
Depreciable capital assets, net . . . . .	15,904,983	37,657,886	53,562,869
Total capital assets, net . . . . .	<u>18,360,366</u>	<u>62,787,516</u>	<u>81,147,882</u>
Total assets . . . . .	<u>29,837,344</u>	<u>69,254,445</u>	<u>99,091,789</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	427,106	99,414	526,520
Contracts payable . . . . .	160,330	162,452	322,782
Accrued wages and benefits payable . . . . .	203,484	81,211	284,695
Retainage payable . . . . .	67,238	219	67,457
Due to other governments . . . . .	292,986	85,881	378,867
Due to claimants . . . . .	28,690	-	28,690
Accrued interest payable . . . . .	11,847	78,489	90,336
Payable from restricted assets:			
Refunded deposits . . . . .	-	308,545	308,545
Unearned revenue . . . . .	737,125	-	737,125
Notes payable . . . . .	4,650,000	1,500,000	6,150,000
Long-term liabilities:			
Due within one year . . . . .	391,222	5,800,590	6,191,812
Due in more than one year . . . . .	398,355	40,364,735	40,763,090
Total liabilities . . . . .	<u>7,368,383</u>	<u>48,481,536</u>	<u>55,849,919</u>
<b>Net assets:</b>			
Invested in capital assets, net			
of related debt . . . . .	13,848,663	15,279,312	29,127,975
Restricted for:			
Capital projects . . . . .	1,237,297	-	1,237,297
Debt service . . . . .	1,362,820	-	1,362,820
Transportation projects . . . . .	541,136	-	541,136
Safety projects . . . . .	627,893	-	627,893
Special projects . . . . .	333,266	-	333,266
Community environment projects . . . . .	23,804	-	23,804
Economic development projects . . . . .	2,031,638	-	2,031,638
Health projects . . . . .	5,367	-	5,367
Parks and recreations projects . . . . .	38,295	-	38,295
Other purposes . . . . .	188,807	-	188,807
Unrestricted . . . . .	<u>2,229,975</u>	<u>5,493,597</u>	<u>7,723,572</u>
Total net assets . . . . .	<u>\$ 22,468,961</u>	<u>\$ 20,772,909</u>	<u>\$ 43,241,870</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government . . . . .	\$ 3,429,558	\$ 289,696	\$ 10,241	\$ -
Security of persons and property . . . . .	6,043,793	1,343,214	106,261	-
Public health and welfare . . . . .	224,256	72,449	-	-
Transportation . . . . .	2,533,251	-	1,183,706	355,015
Community environment . . . . .	556,280	103,689	22,845	-
Leisure time activity . . . . .	740,699	25,835	-	142,510
Economic development . . . . .	381,070	290	362,161	-
Interest and fiscal charges . . . . .	77,825	-	-	-
Total governmental activities . . . . .	<u>13,986,732</u>	<u>1,835,173</u>	<u>1,685,214</u>	<u>497,525</u>
<b>Business-type activities:</b>				
Water . . . . .	4,224,602	4,842,869	-	12,231
Sewer . . . . .	6,192,897	5,279,085	-	2,216,308
Other business-type activities:				
Refuse . . . . .	725,206	766,697	-	-
Total business-type activities . . . . .	<u>11,142,705</u>	<u>10,888,651</u>	<u>-</u>	<u>2,228,539</u>
Total primary government . . . . .	<u>\$ 25,129,437</u>	<u>\$ 12,723,824</u>	<u>\$ 1,685,214</u>	<u>\$ 2,726,064</u>

**General revenues:**

- Income taxes levied for:
  - General purposes . . . . .
  - Special purposes . . . . .
  - Capital purposes . . . . .
- Property taxes levied for:
  - General purposes . . . . .
  - Special purposes . . . . .
- Grants and entitlements not restricted to specific programs . . . . .
- Investment earnings . . . . .
- Payment in lieu of taxes . . . . .
- Miscellaneous . . . . .

Total general revenues . . . . .

Transfers . . . . .

Total general revenues and transfers . . . . .

Change in net assets . . . . .

**Net assets at beginning of year . . . . .**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (3,129,621)	\$ -	\$ (3,129,621)
(4,594,318)	-	(4,594,318)
(151,807)	-	(151,807)
(994,530)	-	(994,530)
(429,746)	-	(429,746)
(572,354)	-	(572,354)
(18,619)	-	(18,619)
(77,825)	-	(77,825)
<u>(9,968,820)</u>	<u>-</u>	<u>(9,968,820)</u>
-	630,498	630,498
-	1,302,496	1,302,496
-	41,491	41,491
<u>-</u>	<u>1,974,485</u>	<u>1,974,485</u>
<u>(9,968,820)</u>	<u>1,974,485</u>	<u>(7,994,335)</u>
5,458,481	-	5,458,481
23,236	-	23,236
1,394,167	-	1,394,167
543,275	-	543,275
334,523	-	334,523
1,024,894	-	1,024,894
13,353	5,659	19,012
82,943	-	82,943
540,547	264,453	805,000
<u>9,415,419</u>	<u>270,112</u>	<u>9,685,531</u>
<u>(588,561)</u>	<u>588,561</u>	<u>-</u>
<u>8,826,858</u>	<u>858,673</u>	<u>9,685,531</u>
(1,141,962)	2,833,158	1,691,196
23,610,923	17,939,751	41,550,674
<u>\$ 22,468,961</u>	<u>\$ 20,772,909</u>	<u>\$ 43,241,870</u>

**CITY OF DEFIANCE, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

	<u>General</u>	<u>Capital Improvements</u>	<u>Municipal Court Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . .	\$ 1,389,537	\$ 1,259,972	\$ 516,102	\$ 3,004,834	\$ 6,170,445
Cash with escrow agent . . . . .	-	-	67,238	-	67,238
Cash in segregated accounts . . . . .	361	-	-	-	361
Investments . . . . .	150,846	-	-	-	150,846
Receivables (net of allowance for uncollectibles):					
Income taxes . . . . .	813,106	245,157	-	4,086	1,062,349
Property and other local taxes. . . . .	594,208	-	-	191,860	786,068
Payment in lieu of taxes. . . . .	-	-	-	68,600	68,600
Accounts . . . . .	238,394	-	-	82,642	321,036
Loans . . . . .	-	-	-	1,437,825	1,437,825
Special assessments. . . . .	-	-	-	166,098	166,098
Accrued interest. . . . .	799	-	71	76	946
Due from other governments . . . . .	302,925	83,497	-	391,234	777,656
Materials and supplies inventory . . . . .	-	-	-	39,839	39,839
<b>Total assets . . . . .</b>	<u>\$ 3,490,176</u>	<u>\$ 1,588,626</u>	<u>\$ 583,411</u>	<u>\$ 5,387,094</u>	<u>\$ 11,049,307</u>
<b>Liabilities:</b>					
Accounts payable. . . . .	\$ 272,853	\$ 143,785	\$ 2,077	\$ 8,391	\$ 427,106
Contracts payable. . . . .	-	82,021	53,158	25,151	160,330
Retainage payable . . . . .	-	-	67,238	-	67,238
Accrued wages and benefits . . . . .	185,414	-	-	18,070	203,484
Due to other governments . . . . .	248,296	-	-	44,690	292,986
Accrued interest payable . . . . .	-	-	-	11,084	11,084
Notes payable. . . . .	-	-	4,650,000	-	4,650,000
Due to claimants . . . . .	28,690	-	-	-	28,690
Deferred revenue . . . . .	467,630	77,995	-	413,208	958,833
Unearned revenue . . . . .	522,833	-	-	214,292	737,125
<b>Total liabilities . . . . .</b>	<u>1,725,716</u>	<u>303,801</u>	<u>4,772,473</u>	<u>734,886</u>	<u>7,536,876</u>
<b>Fund balances:</b>					
Reserved for encumbrances . . . . .	39,950	176,374	47,909	254,020	518,253
Reserved for materials and supplies inventory. . .	-	-	-	39,839	39,839
Reserved for loans . . . . .	-	-	-	1,437,825	1,437,825
Reserved for debt service . . . . .	-	-	-	1,003,362	1,003,362
Reserved for noncurrent investments . . . . .	150,846	-	-	-	150,846
Unreserved (deficit), undesignated, reported in:					
General fund. . . . .	1,573,664	-	-	-	1,573,664
Special revenue funds . . . . .	-	-	-	1,917,162	1,917,162
Capital projects funds . . . . .	-	1,108,451	(4,236,971)	-	(3,128,520)
<b>Total fund balances (deficit) . . . . .</b>	<u>1,764,460</u>	<u>1,284,825</u>	<u>(4,189,062)</u>	<u>4,652,208</u>	<u>3,512,431</u>
<b>Total liabilities and fund balances . . . . .</b>	<u>\$ 3,490,176</u>	<u>\$ 1,588,626</u>	<u>\$ 583,411</u>	<u>\$ 5,387,094</u>	<u>\$ 11,049,307</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2010

<b>Total governmental fund balances</b>	\$	3,512,431
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		18,360,366
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Income taxes receivable	\$ 303,489	
Property and other local taxes receivable	71,375	
Special assessments receivable	166,098	
Intergovernmental revenue receivable	417,871	
Total		958,833
An internal service fund is used by management to charge the costs of health care to individual funds. The assets and liabilities of the internal service fund is included in governmental activities on the statement of net assets. The net assets of the internal service fund, including an internal balance (deficit) of \$419 are:		427,671
Accrued interest payable on long-term bonds is not due and payable in the current period and therefore is not reported in the funds.		(763)
Long-term liabilities, including bonds payable, compensated absences, and capital lease obligations, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(40,000)	
Special assessment bonds payable	(106,815)	
Compensated absences payable	(640,997)	
Capital lease obligation payable	(1,765)	
Total		(789,577)
<b>Net assets of governmental activities</b>	<b>\$</b>	<b>22,468,961</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General</u>	<u>Capital Improvements</u>	<u>Municipal Court Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Income taxes . . . . .	\$ 5,339,037	\$ 1,347,755	\$ -	\$ 22,462	\$ 6,709,254
Property and other local taxes. . . . .	547,500	-	-	334,523	882,023
Charges for services. . . . .	694,839	-	-	290	695,129
Licenses, permits and fees . . . . .	124,110	-	-	183,840	307,950
Fines and forfeitures . . . . .	573,556	-	-	264,824	838,380
Intergovernmental. . . . .	975,877	355,015	-	1,638,260	2,969,152
Special assessments . . . . .	-	-	-	88,403	88,403
Investment income. . . . .	9,611	-	3,145	63,897	76,653
Donations . . . . .	5,341	-	-	25,826	31,167
Payment in lieu of taxes . . . . .	-	-	-	82,943	82,943
Other. . . . .	211,064	-	20,000	287,264	518,328
Total revenues . . . . .	<u>8,480,935</u>	<u>1,702,770</u>	<u>23,145</u>	<u>2,992,532</u>	<u>13,199,382</u>
<b>Expenditures:</b>					
Current:					
General government . . . . .	2,792,555	-	-	412,026	3,204,581
Security of persons and property . . . . .	4,509,749	-	-	1,123,423	5,633,172
Public health and welfare. . . . .	209,367	-	-	-	209,367
Transportation . . . . .	-	-	-	1,286,092	1,286,092
Community environment . . . . .	502,949	-	-	27,299	530,248
Leisure time activity. . . . .	542,834	-	-	-	542,834
Economic development and assistance. . . . .	52,629	-	-	328,441	381,070
Capital outlay . . . . .	-	1,566,714	3,316,716	20,586	4,904,016
Debt service:					
Principal retirement. . . . .	5,160	-	-	99,543	104,703
Interest and fiscal charges. . . . .	378	-	54,737	23,292	78,407
Total expenditures. . . . .	<u>8,615,621</u>	<u>1,566,714</u>	<u>3,371,453</u>	<u>3,320,702</u>	<u>16,874,490</u>
Excess/(deficiency) of revenues over/(under) expenditures. . . . .	<u>(134,686)</u>	<u>136,056</u>	<u>(3,348,308)</u>	<u>(328,170)</u>	<u>(3,675,108)</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	227,356	444,000	671,356
Transfers (out). . . . .	<u>(444,000)</u>	-	-	<u>(234,192)</u>	<u>(678,192)</u>
Total other financing sources (uses) . . . . .	<u>(444,000)</u>	-	<u>227,356</u>	<u>209,808</u>	<u>(6,836)</u>
Net change in fund balances . . . . .	(578,686)	136,056	(3,120,952)	(118,362)	(3,681,944)
<b>Fund balances (deficit) at</b>					
<b>beginning of year . . . . .</b>	2,343,146	1,148,769	(1,068,110)	4,770,570	7,194,375
<b>Fund balances (deficit) at end of year. . . . .</b>	<u>\$ 1,764,460</u>	<u>\$ 1,284,825</u>	<u>\$ (4,189,062)</u>	<u>\$ 4,652,208</u>	<u>\$ 3,512,431</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, 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, 2010

**Net change in fund balances - total governmental funds** \$ (3,681,944)

*Amounts reported for governmental activities  
in the statement of activities are different because:*

Government funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$	3,863,981	
Current year depreciation		(1,029,409)	
Total			2,834,572

The net effect of various miscellaneous transactions involving capital assets is to increase net assets. The City received \$142,510 in capital contributions. 142,510

Transfers of capital assets to business-type activities are reported in the statement of activities. (581,725)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes receivable		166,630	
Property and other local taxes receivable		(4,225)	
Special assessments receivable		(69,170)	
Intergovernmental revenue receivable		(2,393)	
Total			90,842

Repayment of bonds, notes, and capital lease obligations are expenditures in the governmental funds, but the repayments reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

General obligation bonds		40,000	
Special assessment bonds		59,543	
Capital lease obligations		5,160	
Total			104,703

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 582

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. (54,967)

The internal service fund used by management to charge the costs of health care to individual funds is not reported in the statement of activities.

Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including the consolidation of internal service fund activity related to enterprise funds of (\$1,469), is allocated among the governmental activities.

		3,465	
<b>Change in net assets of governmental activities</b>	<b>\$</b>		<b>(1,141,962)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 5,107,969	\$ 5,114,182	\$ 5,298,498	\$ 184,316
Property and other local taxes . . . . .	524,432	525,069	543,993	18,924
Charges for services . . . . .	611,482	612,225	634,290	22,065
Licenses, permits and fees . . . . .	119,647	119,793	124,110	4,317
Fines and forfeitures . . . . .	553,404	554,077	574,046	19,969
Intergovernmental . . . . .	925,192	926,317	959,702	33,385
Investment income . . . . .	9,147	9,158	9,488	330
Donations. . . . .	5,149	5,155	5,341	186
Other . . . . .	210,332	210,578	209,479	(1,099)
<b>Total revenues . . . . .</b>	<b>8,066,754</b>	<b>8,076,554</b>	<b>8,358,947</b>	<b>282,393</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,894,491	3,105,513	2,777,661	327,852
Security of persons and property. . . . .	4,972,945	5,006,681	4,519,673	487,008
Public health and welfare . . . . .	228,380	236,682	213,659	23,023
Community environment. . . . .	569,603	557,667	503,421	54,246
Leisure time activity . . . . .	643,753	632,873	571,312	61,561
Economic development and assistance. . . . .	85,390	58,485	52,796	5,689
<b>Total expenditures . . . . .</b>	<b>9,394,562</b>	<b>9,597,901</b>	<b>8,638,522</b>	<b>959,379</b>
Excess of expenditures over revenues . . . . .	(1,327,808)	(1,521,347)	(279,575)	1,241,772
<b>Other financing uses:</b>				
Transfers out . . . . .	(504,000)	(444,000)	(444,000)	-
<b>Total other financing uses . . . . .</b>	<b>(504,000)</b>	<b>(444,000)</b>	<b>(444,000)</b>	<b>-</b>
Net change in fund balance. . . . .	(1,831,808)	(1,965,347)	(723,575)	1,241,772
<b>Fund balance at beginning of year . . . . .</b>	<b>1,843,437</b>	<b>1,843,437</b>	<b>1,843,437</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>155,360</b>	<b>155,360</b>	<b>155,360</b>	<b>-</b>
<b>Fund balance at end of year. . . . .</b>	<b>\$ 166,989</b>	<b>\$ 33,450</b>	<b>\$ 1,275,222</b>	<b>\$ 1,241,772</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2010

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities - Internal Fund</b>
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents . . . .	\$ 867,233	\$ 3,919,591	\$ 505,702	\$ 5,292,526	\$ 428,056
Cash with escrow agent . . . . .	-	219	-	219	-
Receivables (net allowance for uncollectibles):					
Accounts . . . . .	222,611	274,356	55,384	552,351	-
Accrued interest . . . . .	99	568	-	667	34
Special assessments . . . . .	69,000	4,495	-	73,495	-
Materials and supplies inventory . . . . .	57,587	26,875	-	84,462	-
Total current assets . . . . .	<u>1,216,530</u>	<u>4,226,104</u>	<u>561,086</u>	<u>6,003,720</u>	<u>428,090</u>
Noncurrent assets:					
Restricted equity in pooled cash and cash equivalents . . . . .	-	-	308,545	308,545	-
Unamortized bond issuance costs . . . . .	154,245	-	-	154,245	-
Capital assets:					
Land and construction-in-progress . . . . .	278,759	24,850,871	-	25,129,630	-
Depreciable capital assets, net . . . . .	23,515,247	14,142,639	-	37,657,886	-
Total capital assets, net . . . . .	<u>23,794,006</u>	<u>38,993,510</u>	<u>-</u>	<u>62,787,516</u>	<u>-</u>
Total noncurrent assets . . . . .	<u>23,948,251</u>	<u>38,993,510</u>	<u>308,545</u>	<u>63,250,306</u>	<u>-</u>
Total assets . . . . .	<u>25,164,781</u>	<u>43,219,614</u>	<u>869,631</u>	<u>69,254,026</u>	<u>428,090</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable . . . . .	73,072	26,342	-	99,414	-
Contracts payable . . . . .	-	162,452	-	162,452	-
Accrued wages and benefits payable . . . . .	46,504	34,707	-	81,211	-
Retainage payable . . . . .	-	219	-	219	-
Due to other governments . . . . .	48,954	36,927	-	85,881	-
Bond anticipation notes payable . . . . .	55,000	5,365,000	-	5,420,000	-
Accrued interest payable . . . . .	30,882	47,607	-	78,489	-
Compensated absences - current . . . . .	47,088	38,311	-	85,399	-
General obligation bonds payable - current . . . . .	575,000	-	-	575,000	-
Special assessment bonds payable - current . . . . .	-	7,230	-	7,230	-
OPWC loans payable - current . . . . .	68,035	10,710	-	78,745	-
OWDA loans payable - current . . . . .	-	1,134,216	-	1,134,216	-
Total current liabilities . . . . .	<u>944,535</u>	<u>6,863,721</u>	<u>-</u>	<u>7,808,256</u>	<u>-</u>
Current liabilities payable from restricted assets:					
Refundable deposit . . . . .	-	-	308,545	308,545	-
Noncurrent liabilities:					
Compensated absences . . . . .	33,210	38,512	-	71,722	-
General obligation bonds payable (net of unamortized premium and deferred amount on refunding . . . . .	8,174,244	-	-	8,174,244	-
Special assessment bonds payable . . . . .	-	86,952	-	86,952	-
OPWC loans payable . . . . .	360,960	91,032	-	451,992	-
OWDA loans payable . . . . .	7,047,844	24,531,981	-	31,579,825	-
Total noncurrent liabilities . . . . .	<u>15,616,258</u>	<u>24,748,477</u>	<u>-</u>	<u>40,364,735</u>	<u>-</u>
Total liabilities . . . . .	<u>16,560,793</u>	<u>31,612,198</u>	<u>308,545</u>	<u>48,481,536</u>	<u>-</u>
<b>Net assets:</b>					
Invested in capital assets, net of related debt . . . . .	7,512,923	7,766,389	-	15,279,312	-
Unrestricted . . . . .	1,091,065	3,841,027	561,086	5,493,178	428,090
Total net assets . . . . .	<u>\$ 8,603,988</u>	<u>\$ 11,607,416</u>	<u>\$ 561,086</u>	<u>20,772,490</u>	<u>\$ 428,090</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds . . . . .				419	
Net assets of business-type activities . . . . .				<u>\$ 20,772,909</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities - Internal Fund</b>
<b>Operating revenues:</b>					
Charges for services . . . . .	\$ 4,818,653	\$ 5,279,085	\$ 766,697	\$ 10,864,435	\$ 1,855,482
Tap-in fees. . . . .	24,216	-	-	24,216	-
Other. . . . .	19,026	245,427	-	264,453	-
<b>Total operating revenues. . . . .</b>	<b>4,861,895</b>	<b>5,524,512</b>	<b>766,697</b>	<b>11,153,104</b>	<b>1,855,482</b>
<b>Operating expenses:</b>					
Personal services . . . . .	1,674,068	1,479,342	-	3,153,410	-
Contractual services . . . . .	291,765	2,821,174	-	3,112,939	-
Materials and supplies. . . . .	458,756	297,651	-	756,407	-
Administrative costs. . . . .	13,776	21,385	-	35,161	-
Utilities . . . . .	253,925	322,217	725,206	1,301,348	-
Claims. . . . .	-	-	-	-	1,854,083
Depreciation. . . . .	783,780	564,015	-	1,347,795	-
Other . . . . .	572	-	-	572	-
<b>Total operating expenses. . . . .</b>	<b>3,476,642</b>	<b>5,505,784</b>	<b>725,206</b>	<b>9,707,632</b>	<b>1,854,083</b>
<b>Operating income . . . . .</b>	<b>1,385,253</b>	<b>18,728</b>	<b>41,491</b>	<b>1,445,472</b>	<b>1,399</b>
<b>Nonoperating revenues (expenses):</b>					
Interest revenue . . . . .	1,236	4,423	-	5,659	597
Gain (loss) on sale of capital assets . . . . .	-	(390)	-	(390)	-
Interest and fiscal charges . . . . .	(747,184)	(686,030)	-	(1,433,214)	-
<b>Total nonoperating revenues (expenses). . . . .</b>	<b>(745,948)</b>	<b>(681,997)</b>	<b>-</b>	<b>(1,427,945)</b>	<b>597</b>
<b>Net income (loss) before transfers and capital contributions . . . . .</b>	<b>639,305</b>	<b>(663,269)</b>	<b>41,491</b>	<b>17,527</b>	<b>1,996</b>
Transfer in . . . . .	-	6,836	-	6,836	-
Capital contributions . . . . .	12,231	2,798,033	-	2,810,264	-
<b>Change in net assets . . . . .</b>	<b>651,536</b>	<b>2,141,600</b>	<b>41,491</b>	<b>2,834,627</b>	<b>1,996</b>
<b>Net assets at beginning of year. . . . .</b>	<b>7,952,452</b>	<b>9,465,816</b>	<b>519,595</b>		<b>426,094</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 8,603,988</b>	<b>\$ 11,607,416</b>	<b>\$ 561,086</b>		<b>\$ 428,090</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(1,469)	
<b>Change in net assets of business-type activities</b>				<b>\$ 2,833,158</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF DEFIANCE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities - Internal Fund</b>
<b>Cash flows from operating activities:</b>					
Cash received from charges for services . . . . .	\$ 4,794,155	\$ 5,251,030	\$ 783,978	\$ 10,829,163	\$ 1,856,267
Cash received from tap-in fees . . . . .	24,216	-	-	24,216	-
Cash received from other operations . . . . .	19,026	245,427	-	264,453	-
Cash payments for personal services . . . . .	(1,672,601)	(1,482,521)	-	(3,155,122)	-
Cash payments for contractual services . . . . .	(252,472)	(3,025,442)	-	(3,277,914)	-
Cash payments for administrative costs . . . . .	(15,614)	(22,293)	-	(37,907)	-
Cash payments for materials and supplies . . . . .	(479,444)	(318,563)	-	(798,007)	-
Cash payments for claims . . . . .	-	-	-	-	(1,854,239)
Cash payments for utilities . . . . .	(254,300)	(321,165)	(725,206)	(1,300,671)	-
Cash payments for other operations . . . . .	(572)	-	(4,500)	(5,072)	-
Net cash provided by operating activities . . . . .	<u>2,162,394</u>	<u>326,473</u>	<u>54,272</u>	<u>2,543,139</u>	<u>2,028</u>
<b>Cash flows from noncapital financing activities:</b>					
Cash received from transfers in . . . . .	-	6,836	-	6,836	-
Cash received from grants . . . . .	12,231	12,231	-	24,462	-
Net cash provided by noncapital financing activities . . . . .	<u>12,231</u>	<u>19,067</u>	<u>-</u>	<u>31,298</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Cash payments for the acquisition of capital assets . . . . .	(210,664)	(5,321,892)	-	(5,532,556)	-
Cash received from premium on notes . . . . .	218	21,322	-	21,540	-
Cash received from issuance of loans . . . . .	-	7,409,658	-	7,409,658	-
Cash received from issuance of notes . . . . .	55,000	5,365,000	-	5,420,000	-
Cash payments for principal retirement . . . . .	(818,664)	(5,696,019)	-	(6,514,683)	-
Cash payments for interest and fiscal charges . . . . .	(749,804)	(739,085)	-	(1,488,889)	-
Net cash provided by (used in) capital and related financing activities . . . . .	<u>(1,723,914)</u>	<u>1,038,984</u>	<u>-</u>	<u>(684,930)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>					
Cash received from interest earned . . . . .	1,167	4,089	-	5,256	607
Net cash provided by investing activities . . . . .	<u>1,167</u>	<u>4,089</u>	<u>-</u>	<u>5,256</u>	<u>607</u>
Net increase in cash and cash equivalents . . . . .	451,878	1,388,613	54,272	1,894,763	2,635
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>415,355</u>	<u>2,531,197</u>	<u>759,975</u>	<u>3,706,527</u>	<u>425,421</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 867,233</u>	<u>\$ 3,919,810</u>	<u>\$ 814,247</u>	<u>\$ 5,601,290</u>	<u>\$ 428,056</u>

--Continued

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Fund
	Water	Sewer	Nonmajor	Total	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income . . . . .	\$ 1,385,253	\$ 18,728	\$ 41,491	\$ 1,445,472	\$ 1,399
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation. . . . .	783,780	564,015	-	1,347,795	-
Changes in assets and liabilities:					
(Increase) in accounts receivable. . . . .	(29,806)	(29,554)	(10,719)	(70,079)	-
Decrease in special assessments receivable . . . . .	5,308	1,499	-	6,807	-
(Increase) in materials and supplies inventory . . . . .	(26,635)	(18,780)	-	(45,415)	-
Decrease in due from other governments . . . . .	-	-	-	-	785
Increase (decrease) in accounts payable. . . . .	33,262	(30,965)	-	2,297	(156)
Increase in contracts payable. . . . .	-	20,428	-	20,428	-
Increase in accrued wages and benefits . . . . .	5,236	3,675	-	8,911	-
Increase (decrease) in compensated absences payable. . . . .	231	(205)	-	26	-
Increase in due to other governments . . . . .	5,765	2,997	-	8,762	-
Decrease in retainage payable . . . . .	-	(205,365)	-	(205,365)	-
Increase in utility deposits payable . . . . .	-	-	23,500	23,500	-
Net cash provided by operating activities. . . . .	<u>\$ 2,162,394</u>	<u>\$ 326,473</u>	<u>\$ 54,272</u>	<u>\$ 2,543,139</u>	<u>\$ 2,028</u>

**Non-cash capital transactions:**

At December 31, 2010 and December 31, 2009, the water fund purchased \$4 and \$5 in capital assets on account, respectively  
 At December 31, 2010 and December 31, 2009, the sewer fund purchased \$172,246 and \$760,976 in capital assets on account, respectively  
 During 2010, \$2,206,289 in OWDA loans payable in the sewer fund was forgiven by the OWDA.  
 During 2010, the sewer fund received \$581,725 in capital contributions from governmental activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2010**

	<u>Agency</u>
<b>Assets:</b>	
Cash in segregated accounts . . . . .	\$ 13,061
Total assets . . . . .	<u>\$ 13,061</u>
<b>Liabilities:</b>	
Due to other governments . . . . .	\$ 13,061
Total liabilities . . . . .	<u>\$ 13,061</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 1 - DESCRIPTION OF THE CITY**

The City of Defiance, Ohio (the “City”), located in Defiance County, is a politic and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and its charter. The City operates under a Council/Mayor form of government and provides the following services to its residents: public safety, highways and streets, water, sewer, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) 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 City also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided it does not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB guidance. The most significant of the City’s accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. For financial reporting purposes, the City’s BFS include all funds, agencies, boards, commissions, and departments 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 basic financial statements to be misleading or incomplete. Based upon the foregoing criteria, the City has no component units.

The primary government consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, fire fighting and prevention, emergency medical services, street maintenance and repair, parks and recreation, water, sanitary sewer, public service and planning and zoning.

The following organizations are described due to its relationship with the City.

*JOINTLY GOVERNED ORGANIZATIONS*

Maumee Valley Planning Organization (MVPO) - The City is a member of MVPO, which is a jointly governed organization between Defiance, Fulton, Henry, Paulding and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county, as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer CDBG grants and a per capita amount from each City.

The City provides resources to the Executive Council based on a membership fee and services provided to the City. The MVPO exercises total control over the operation of MVPO including budgeting, contracting and designating management. The City has no ongoing financial interest or responsibility for the MVPO. In 2010, the City contributed \$53,002 for the MVPO's operations. Information can be obtained from Brett J. Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

Noble Township - City of Defiance Joint Economic Development District - The City and Noble Township agreed to create a joint economic development district (District). The District is wholly situated within Noble Township, Defiance County. The purpose of the District is to facilitate economic development to create and preserve employment opportunities within the District.

The District is governed by a Board of Directors consisting of five members. The Board is made up of one representative appointed by the City, Noble Township, the District business owners' association, the District employee's association and one "at-large member". The main source of revenue is a tax levied upon the income earned by persons working in the District and the net profits of businesses located in the District. The tax is at rates equal to those levied upon earned income and profits by the City.

***JOINT VENTURES WITHOUT EQUITY INTEREST***

Multi-Area Narcotics Task Force (MANTF) - The City is a member of the MANTF, which is a joint venture between Defiance, Paulding and Putnam Counties and the Cities of Defiance and Bryan. The purpose of the drug task force is to act as a joint task force in the fight against narcotics. The MANTF is jointly controlled by the Chief Law Enforcement Officer of each respective entity.

The main source of revenue for the MANTF is from federal grants and local matching shares by the entities. The City has no ongoing financial responsibility to the MANTF. The City has indirect access to the net resources of the MANTF since the City is able to influence the MANTF to use its surplus resources to undertake projects of interest to the City's residents. This access to the net resources of the Board has not been explicitly defined, nor is it currently measurable. In 2010, the City did not make any contributions to the MANTF. Complete financial statements for the MANTF can be obtained through the Defiance County Sheriff's Office located at 113 Biede Street, Defiance, Ohio 43512.

Community Improvement Corporation of Defiance County (Corporation) - The Corporation shall be exercised, conducted, and controlled by the Board of Trustees and the Board shall name a minimum of nine and a maximum of fifteen trustees with forty percent of the Trustees to be elected officials. Further, each shall be a Member of the Corporation and all of whom shall be citizens of the United States. Defiance County, City of Defiance and the villages and townships of Defiance County participate in the operation of the Corporation. The Corporation duties are to advance, encourage and promote the industrial, economic, commercial and civic development.



## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

The Defiance County Economic Development Employment Agreement between the Board of Trustees of the Corporation and the Defiance County Director of Economic Development states that the County's Director of Economic Development may serve as Executive Director of the Corporation, as such the Corporation has agreed to furnish the County with the funds needed to pay his salary. The City of Defiance partially funds the Corporation to pay the salary of the Director of the Defiance County Economic Development. The City's degree of control over the Board is limited to its representation on the Board. The City made \$53,912 in payments to the Corporation in 2010. Information can be obtained from Jerry Hayes, Executive Director, 1300 East Second Street, Suite 201, Defiance, Ohio 43512.

#### *RELATED ORGANIZATION*

*Defiance Public Library (Library)* - The Defiance Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by City Council. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Defiance Public Library, Michele Zeedyk, Chief Fiscal Officer, at 320 Fort Street, Defiance, Ohio 43512.

#### **B. Basis of Presentation - Fund Accounting**

The City's basic financial statements (BFS) consist of government-wide statements, including a statement of net assets 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 assets 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 fund 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 assets 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 are self-financing or draw from the general revenues of the City.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**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 and enterprise 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 liabilities is reported as fund balance. The following are the City's major governmental funds:

*General fund* - The general fund accounts for all financial resources except those required to be accounted for in another fund.

*Capital improvements fund* - The capital improvements fund accounts for resources used to purchase equipment and construct capital assets.

*Municipal court construction fund* - The municipal court construction fund accounts for resources used for the construction of the municipal court facility.

Other governmental funds of the City are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (c) grants and other resources whose use is restricted to a particular purpose.

***Proprietary Funds*** - Proprietary fund reporting focuses on changes in net assets, 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.

Other enterprise funds of the City are used to account for refuse collection and utility deposits. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the BFS.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

*Internal service fund* - The internal service fund accounts 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 internal service fund is used to account for employee health insurance.

*Fiduciary Funds* - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund which accounts for the municipal 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 and all liabilities associated with the operation of the City are included on the statement of net assets.

*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 and current liabilities 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 and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses from the enterprise funds include personnel and other expenses related to sewer, water, refuse, and utility deposits and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

**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 agency 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 revenue 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 sixty days of year end.

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 tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2010, are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

*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.

**F. Budgetary Data**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations resolution is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of budgetary control as established in the appropriation ordinance is at the fund, department, and object level ("personnel", "operating", etc.). Budgetary modifications at the legal level of control may only be made by a subsequent resolution of Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements 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 statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were enacted by City Council.

The appropriation resolution 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 City Council during the year.

**G. Health Care**

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required the City to offer and provide terminated or retired employees continued participation in the City's employee health care benefits program, provided that the employees pay the rate established by the plan administrator. The City incurred no expenditures or revenues in providing these services. The participating former employees make premium payments directly to the City's Insurance Provider and the Provider is responsible for all claims.

**H. Cash and Investments**

To improve cash management, cash received by the City other than cash with escrow agent and cash in segregated accounts, is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" and "investments" on the financial statements.

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

During 2010, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and the City's own bonds. These investments are reported at fair value which is based on quoted market prices.

The City has invested funds in STAR Ohio during 2010. 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2010.

Following Ohio Statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue earned and credited to the general fund during 2010 amounted to \$9,611, which included \$7,845 assigned from other funds of the City.

The City has segregated bank accounts for monies held separate from the City's central bank account. These monies are held for the municipal court operations and retainage. These interest bearing depository accounts for the municipal court operations and retainage are presented on the financial statements as "cash in segregated accounts" and "cash with escrow agent", respectively, since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**I. Restricted Assets**

Customer deposits are classified as restricted assets because these funds are being held for specified purposes.

**J. Inventories of Materials and Supplies**

On government-wide financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds when consumed. Inventories of the proprietary funds are expensed when used. Inventory consists of expendable supplies held for consumption.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

**K. Capital Assets**

Governmental 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 assets, 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 assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold at \$2,500. The City's infrastructure consists of roads, bridges, culverts, and sanitary sewers. 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 capitalized. Interest incurred during the construction of capital assets is also capitalized for the business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated 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 replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Improvements other than buildings	15 - 30 years	N/A
Land improvements	N/A	15 - 30 years
Buildings and improvements	15 - 45 years	30 - 50 years
Equipment	10 - 30 years	10 - 30 years
Infrastructure	30 years	50 years
Vehicles	6 - 15 years	6 - 15 years

**L. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

American Federation of State, County and Municipal Employees (AFSCME) and non-bargaining employees with a minimum of ten years of service are paid one day for every two days sick leave for the first 120 days of accumulated sick time and one day for every seven days for accumulated sick time in excess of 120 days upon retirement. International Union of Police Associations (IUPA) bargaining unit employees who retire after ten years of continuous service will be compensated at one day's pay for every two days of accumulated, but unused sick leave, not to exceed 120 days. However, IUPA bargaining unit individuals employed for ten years or more as of December 31, 1991 shall be eligible for sick leave conversion upon retirement at one day for each two days accumulation without limit. Beginning January 1, 1992, an IUPA bargaining unit individual with twenty-two or more years of service who resigns shall be eligible for payment for one day's pay for every two days of accumulated, but unused sick leave, not to exceed 120 days. International Association of Firefighters (IAFF) bargaining unit individuals with ten or more years of service, shall upon retirement under provision of the Police & Firefighters Pension Fund be eligible for payment of one-half of the employee's accrued, but unused sick leave earned up to a maximum payment for 50 twenty-four hour days. An IAFF bargaining unit individual with twenty-two or more years of service, who retires or resigned from the City shall be eligible for payment for one-half of accrued, but unused sick leave up to a maximum payment for 50 twenty-four hour days.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**M. 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, 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.

**N. Interfund Activity**

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



**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

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 BFS.

**O. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports a reservation of fund balance for amounts representing encumbrances outstanding, materials and supplies inventory, loans, debt service and noncurrent investments in the governmental fund financial statements.

**P. Contributions of Capital**

Contributions of capital in governmental activities and 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, from grants or outside contributions of resources restricted to capital acquisition and construction, or from other funds within the City. The City's sewer fund received \$581,725 in capital contributions from governmental activities. The governmental activities received \$142,510 in capital contributions from outside entities.

**Q. Estimates**

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

**R. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

**S. 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 event that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items during the fiscal year.

**T. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements and in the enterprise funds, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Issuance costs are recorded as deferred charges on the statement of net assets.

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 12.

**NOTE 3 - ACCOUNTABILITY**

**A. Change in Accounting Principles**

For 2010, the City has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation GASB Statement No. 51 did not have an effect on the financial statements of the City.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 3 - ACCOUNTABILITY - (Continued)**

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the City.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the City.

**B. Deficit Fund Balances**

The following fund had deficit fund balance as of December 31, 2010:

<u>Major governmental fund</u>	<u>Deficit</u>
Municipal court construction	\$ 4,189,062

This fund complied with State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance results from a short-term note being booked as a fund liability as described in Note 13.

**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;

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

At year end, the City had \$2,250 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and cash equivalents”.

**B. Cash in Segregated Accounts**

At year end, the City had \$13,061 in cash in segregated accounts held for the Municipal Court which is included on the financial statements of the City as an agency fund. The City also had \$361 in cash in segregated accounts which is included on the financial statements in the general fund. These amounts are included in the “deposits with financial institutions” below.

**C. Cash with Escrow Agent**

At year end, the City had \$67,457 on deposit with financial institutions for a retainage escrow accounts. This amount is included in the “deposits with financial institutions” below.

**D. Deposits with Financial Institutions**

At December 31, 2010, the carrying amount of all City deposits was \$12,214,384. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2010, \$9,515,956 of the City’s bank balance of \$12,577,171 was exposed to custodial risk as discussed below, while \$3,061,215 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and 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.

**E. Investments**

As of December 31, 2010, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 63,817	\$ 63,817	\$ -	\$ -	\$ -	\$ -
City owned bonds	150,846	-	21,770	-	22,186	106,890
Total	<u>\$ 214,663</u>	<u>\$ 63,817</u>	<u>\$ 21,770</u>	<u>\$ -</u>	<u>\$ 22,186</u>	<u>\$ 106,890</u>

The weighted average maturity of investments is 3.21 years.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**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 except for investments in City owned bonds which extend beyond five years.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. 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 investment or collateral securities that are in the possession of an outside party. The City's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant Sections of the Ohio Revised Code.

*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, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 63,817	29.73
City owned bonds	150,846	70.27
Total	<u>\$ 214,663</u>	<u>100.00</u>

**F. Reconciliation of Cash and Investments to the Statement of Net Assets**

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 assets as of December 31, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 12,214,384
Investments	214,663
Cash on hand	2,250
Total	<u>\$ 12,431,297</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 6,816,946
Business-type activities	5,601,290
Agency fund	13,061
Total	<u>\$ 12,431,297</u>

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 5 - INTERFUND TRANSFERS**

For 2010, interfund transfers consisted of the following, as reported in the fund statements:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 444,000
Transfers from nonmajor governmental fund to:	
Municipal court construction fund	227,356
Sewer	<u>6,836</u>
Total transfers	<u>\$ 678,192</u>

Transfers are used to (1) move revenues from the fund that statute or budget required 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 transfer of \$227,356 to the municipal court construction fund from the special project nonmajor governmental special revenue fund was due to transferring debt payments to the fund which reports the liability.

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. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities and include capital contribution activity between governmental funds and business-type activities as described in Note 2.P.

All transfers made were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**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 proceeding 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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 6 - PROPERTY TAXES - (Continued)**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2009-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Defiance. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes has been offset by deferred revenue 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 deferred.

The full tax rate for all City operations for the year ended December 31, 2010 was \$10.59 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 189,876,560
Commercial/industrial/mineral	76,580,170

Public utility

Real	42,060
Personal	<u>11,103,060</u>

Total assessed value	<u><u>\$ 277,601,850</u></u>
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**NOTE 7 - LOCAL INCOME TAX**

This locally levied tax of 1.5 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the City, and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of for-profit organizations conducting business within the City. Income tax revenues are reported to the extent that it was measurable and available to finance current operations at December 31. Income tax revenue for 2010 was \$6,709,254 on the modified accrual basis of accounting.



**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2010, consisted of income and property taxes, payment in lieu of taxes, accounts (billings for user charged services), accrued interest receivable, special assessments, loans and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2010.

A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Income taxes	\$ 1,062,349
Property and other local taxes	786,068
Payment in lieu of taxes	68,600
Accounts	321,036
Loans	1,437,825
Special assessments	166,098
Accrued interest	980
Due from other governments	777,656

**Business-type activities:**

Accounts	552,351
Special assessments	73,495
Accrued interest	667

Receivables have been disaggregated on the face of the BFS. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment and loans which are collected over the term of the loan.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 9 - CAPITAL ASSETS**

The following activity occurred in the City's governmental activities and business-type activities capital assets during 2010:

<b><u>Governmental activities:</u></b>	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,378,358	\$ -	\$ -	\$ 1,378,358
Construction in progress	<u>2,138,599</u>	<u>3,428,654</u>	<u>(4,490,228)</u>	<u>1,077,025</u>
Total capital assets, not being depreciated	<u>3,516,957</u>	<u>3,428,654</u>	<u>(4,490,228)</u>	<u>2,455,383</u>
<i>Capital assets, being depreciated:</i>				
Buildings	4,554,659	3,988,987	-	8,543,646
Improvements other than buildings	990,149	-	-	990,149
Equipment	2,588,620	56,099	-	2,644,719
Vehicles	2,277,887	263,358	(42,500)	2,498,745
Infrastructure	<u>16,543,218</u>	<u>177,896</u>	<u>-</u>	<u>16,721,114</u>
Total capital assets, being depreciated	<u>26,954,533</u>	<u>4,486,340</u>	<u>(42,500)</u>	<u>31,398,373</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(3,294,638)	(151,379)	-	(3,446,017)
Improvements other than buildings	(752,380)	(25,533)	-	(777,913)
Equipment	(1,292,790)	(183,290)	-	(1,476,080)
Vehicles	(1,868,547)	(119,255)	42,500	(1,945,302)
Infrastructure	<u>(7,298,126)</u>	<u>(549,952)</u>	<u>-</u>	<u>(7,848,078)</u>
Total accumulated depreciation	<u>(14,506,481)</u>	<u>(1,029,409)</u>	<u>42,500</u>	<u>(15,493,390)</u>
Total capital assets, being depreciated, net	<u>12,448,052</u>	<u>3,456,931</u>	<u>-</u>	<u>15,904,983</u>
Governmental activities capital assets, net	<u>\$ 15,965,009</u>	<u>\$ 6,885,585</u>	<u>\$ (4,490,228)</u>	<u>\$ 18,360,366</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 9 - CAPITAL ASSETS - (Continued)**

<b><u>Business-type activities:</u></b>	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 280,171	\$ -	\$ -	\$ 280,171
Construction in progress	<u>20,765,958</u>	<u>4,688,187</u>	<u>(604,686)</u>	<u>24,849,459</u>
Total capital assets, not being depreciated	<u>21,046,129</u>	<u>4,688,187</u>	<u>(604,686)</u>	<u>25,129,630</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	965,930	-	-	965,930
Buildings and improvements	29,390,539	-	-	29,390,539
Equipment	2,699,647	657,372	(2,598)	3,354,421
Vehicles	1,022,390	102,757	(19,208)	1,105,939
Infrastructure	<u>27,968,779</u>	<u>681,920</u>	<u>-</u>	<u>28,650,699</u>
Total capital assets, being depreciated	<u>62,047,285</u>	<u>1,442,049</u>	<u>(21,806)</u>	<u>63,467,528</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(540,214)	(29,106)	-	(569,320)
Buildings and improvements	(10,145,623)	(630,456)	-	(10,776,079)
Equipment	(2,230,068)	(72,731)	2,208	(2,300,591)
Vehicles	(729,876)	(109,831)	19,208	(820,499)
Infrastructure	<u>(10,837,482)</u>	<u>(505,671)</u>	<u>-</u>	<u>(11,343,153)</u>
Total accumulated depreciation	<u>(24,483,263)</u>	<u>(1,347,795)</u>	<u>21,416</u>	<u>(25,809,642)</u>
Total capital assets being depreciated, net	<u>37,564,022</u>	<u>94,254</u>	<u>(390)</u>	<u>37,657,886</u>
Business-type activities capital assets, net	<u>\$ 58,610,151</u>	<u>\$ 4,782,441</u>	<u>\$ (605,076)</u>	<u>\$ 62,787,516</u>

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

**Governmental activities:**

General government	\$ 104,678
Security of persons and property	198,820
Public health and welfare	7,329
Community environment	11,172
Leisure time activity	95,883
Transportation	<u>611,527</u>
Total depreciation expense - governmental activities	<u>\$ 1,029,409</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 9 - CAPITAL ASSETS - (Continued)**

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

**Business-type activities:**

Water	\$ 783,780
Sewer	<u>564,015</u>
Total depreciation expense - business-type activities	<u>\$ 1,347,795</u>

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$370,313 at December 31, 2010. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service. Upon retirement an employee is paid a percentage of his accumulated sick leave within various limits. The total obligation for sick leave accrual for the City as a whole amounted to \$427,805 at December 31, 2010. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

**NOTE 11 - CAPITAL LEASES**

In a prior year, the City entered into capital lease agreements for the acquisition of copier equipment. Capital assets consisting of copier equipment were capitalized in the general fund and the water and sewer enterprise funds. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13 "Accounting for Leases", which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The amount of the \$50,377 represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2010, accumulated depreciation was \$25,075, resulting in a net carrying value of \$25,302. A corresponding liability has been recorded in the governmental activities and the water and sewer enterprise funds. Principal payments in 2010 were \$5,160 in the general fund, \$2,225 in the water fund and \$816 in the sewer fund.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 11 - CAPITAL LEASES - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2010:

Year Ending December 31,	Governmental Activities General
2011	\$ 1,806
Total	1,806
Less: amount representing interest	(41)
Present value of net minimum lease payments	<u>\$ 1,765</u>

**NOTE 12 - LONG-TERM OBLIGATIONS**

**A. Governmental Activities Long-Term Obligations**

The City's long-term obligations for the governmental activities at year end consist of the following:

	Original Amount	Balance 12/31/09	Additions	Reductions	Balance 12/31/10	Amount Due in One Year
<b><u>Governmental activities:</u></b>						
General obligation bonds payable:						
1991 Series Bonds - 6.75%	\$665,000	\$ 80,000	\$ -	\$ (40,000)	\$ 40,000	\$ 40,000
Special assessment bonds payable:						
1991 Ranchland Heights - 6.88%	545,000	95,000	-	(45,000)	50,000	50,000
1994 Ottawa Avenue - 5.10%	29,968	6,143	-	(1,500)	4,643	1,500
1995 Stadium Drive - 5.90%	260,849	<u>65,215</u>	-	<u>(13,043)</u>	<u>52,172</u>	<u>13,043</u>
Total special assessment bonds		<u>166,358</u>	<u>-</u>	<u>(59,543)</u>	<u>106,815</u>	<u>64,543</u>
Compensated absences payable		586,030	331,559	(276,592)	640,997	284,914
Capital lease obligation		<u>6,925</u>	<u>-</u>	<u>(5,160)</u>	<u>1,765</u>	<u>1,765</u>
Total		<u>\$ 839,313</u>	<u>\$ 331,559</u>	<u>\$ (381,295)</u>	<u>\$ 789,577</u>	<u>\$ 391,222</u>

Special assessment debt with governmental commitment and debt issued for governmental purposes of the City is retired from the debt service fund (a nonmajor governmental fund). General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax within limitations of Ohio law. Special assessment bonds are secured by an unvoted property tax levy (special assessment), however, the bond indentures provide for principal and interest to be paid from use charges.

The City's capital lease obligation is described in Note 11 to the financial statements. Compensated absences consisting of sick leave (severance) and vacation benefits will be paid from the fund from which the employee is paid which, for the City is the general fund and the street construction, maintenance and repair fund (a nonmajor governmental fund).

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the City's future annual debt service requirements for the governmental activities long-term obligations:

<u>Year Ending</u>	<u>General Obligation Bonds</u>			<u>Special Assessment Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 40,000	\$ 2,388	\$ 42,388	\$ 64,543	\$ 6,924	\$ 71,467
2012	-	-	-	14,543	2,437	16,980
2013	-	-	-	14,686	1,640	16,326
2014	-	-	-	13,043	770	13,813
<b>Total</b>	<b>\$ 40,000</b>	<b>\$ 2,388</b>	<b>\$ 42,388</b>	<b>\$ 106,815</b>	<b>\$ 11,771</b>	<b>\$ 118,586</b>

**B. Business-Type Activities Long-Term Obligations**

The following activity occurred in the business type activities long-term obligations during 2010:

<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>						
Waterworks - series 2005 refunding	4.00-5.00%	\$ 3,670,000	\$ -	\$ (260,000)	\$ 3,410,000	\$ 275,000
Waterworks - series 2007 refunding	4.50-5.25%	5,465,000	-	(280,000)	5,185,000	300,000
<b>Total general obligation bonds</b>		<b>9,135,000</b>	<b>-</b>	<b>(540,000)</b>	<b>8,595,000</b>	<b>575,000</b>
<u>Special assessment bonds</u>						
Sewer street improvements - Series 2000	5.75%	101,018	-	(6,836)	94,182	7,230
<u>Notes payable</u>						
Water - 2009 bond anticipation note	2.25%	62,500	-	(62,500)	-	-
Water - 2010 bond anticipation note	1.25%	-	55,000	-	55,000	55,000
Sewer - 2009 bond anticipation note	2.25%	4,284,500	-	(4,284,500)	-	-
Sewer - 2010 bond anticipation note	1.25%	-	3,865,000	-	3,865,000	3,865,000
<b>Total bond anticipation notes</b>		<b>4,347,000</b>	<b>3,920,000</b>	<b>(4,347,000)</b>	<b>3,920,000</b>	<b>3,920,000</b>
<u>Other long-term obligations</u>						
OWDA loans	3.20-7.65%	29,051,352	7,409,658	(3,746,969)	32,714,041	1,134,216
OPWC loans	0-4.00%	607,863	-	(77,126)	530,737	78,745
Capital leases		3,041	-	(3,041)	-	-
Compensated absences payable		157,095	97,192	(97,166)	157,121	85,399
<b>Total other long-term obligations</b>		<b>29,819,351</b>	<b>7,506,850</b>	<b>(3,924,302)</b>	<b>33,401,899</b>	<b>1,298,360</b>
<b>Total business-type activities long-term liabilities</b>		<b>\$ 43,402,369</b>	<b>\$ 11,426,850</b>	<b>\$ (8,818,138)</b>	<b>46,011,081</b>	<b>\$ 5,800,590</b>
Less: Unamortized deferred charge on refunding					(355,818)	
Add: Unamortized bond premium					510,062	
<b>Total on statement of net assets</b>					<b>\$ 46,165,325</b>	

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

General obligation bonds are expected to be retired with revenues of the enterprise funds. General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax within limitations of Ohio law.

On July 6, 2005, the City issued \$4,805,000 in Series 2005 Waterworks System improvement refunding bonds to advance refund all the outstanding 1994 Waterworks System improvement bonds (principal \$4,805,000; interest rate 6.10%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The Series 2005 Waterworks System improvement refunding bonds issue is comprised of current interest bonds, par value \$4,805,000, with an annual interest rate ranging from 4.00%-5.00%. The reacquisition price exceeded the net carrying amount of the old debt by \$143,106. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of new debt issued.

The 2007 Waterworks System improvement refunding bonds issue is comprised of current interest bonds, par value \$5,860,000, with an annual interest rate ranging from 4.50%-5.25%. The reacquisition price exceeded the net carrying amount of the old debt by \$329,282. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of new debt issued.

On April 14, 2009, the City issued a water improvement note payable in the amount of \$62,500. This note bears an interest rate of 2.25% and matured April 14, 2010.

On April 14, 2009, the City issued a sewer improvement note payable in the amount of \$4,284,500. This note bears an interest rate of 2.25% and matured April 14, 2010.

On April 13, 2010, the City issued a water improvement note payable in the amount of \$55,000. This note bears an interest rate of 1.25% and matures on April 13, 2011.

On April 13, 2010, the City issued a sewer improvement note payable in the amount of \$3,865,000. This note bears an interest rate of 1.25% and matures on April 13, 2011.

On May 11, 2001, the City issued \$145,434 in special assessment bonds to finance the costs of sewer improvements to South Jefferson Street. These bonds bear an interest rate of 5.75% and mature December 1, 2020. During 2010, the City retired \$6,836 of these bonds, leaving an outstanding balance of \$94,182 at December 31, 2010.

The City constructed a wastewater treatment facility in 1990. The Project was financed through expenditure by the OWDA. In 1999, the City began making major improvements to its wastewater treatment facility, which was also partially financed by OWDA. During 2008, the City borrowed money through the OWDA to finance water reservoir construction and sewer design construction. All OWDA loans with the exception of the wastewater facility and wastewater facility improvement loans are currently "open" meaning that final disbursements have not been made from the OWDA; therefore, future debt service requirements have not been finalized and are not presented in the schedule of future debt service requirements below.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

At December 31, 2010, the City had the following OWDA loans outstanding:

Purpose	Interest Rate	Maturity Date	Balance Outstanding 12/31/10
Wastewater facility	7.65%	1/1/2013	\$ 1,504,058
Wastewater facility improvements	3.91%	7/1/2020	4,616,611
Group 4 sewer design	3.25%	1/29/2029	694,155
Group 2 express sewer	3.36%	1/1/2030	422,753
Group 6 sewer planning	3.25%	7/1/2029	4,063,301
Group 6 sewer design	3.25%	1/1/2030	2,325,387
Group 5 sewer planning/sses	3.25%	1/1/2031	339,212
Group 4 sewer separation	3.53%	1/1/2031	375,644
Sewer design groups 1 & 2	3.20%	7/1/2014	6,483,074
Group 5 design	4.14%	1/1/2031	170,016
Group 31A river intrusion elimination project	4.14%	1/1/2031	439,904
Group 6 sewer separation	3.70%	1/1/2031	1,772,179
Group 5 sewer separation	3.25%	1/1/2031	2,459,903
Water reservoir construction	4.09%	7/1/2037	<u>7,047,844</u>
Total			<u>\$ 32,714,041</u>

The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through 2020. Annual principal and interest payments on the loans are expected to require 89.95 percent of net revenues and 23.87 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$33,843,533. Principal and interest paid for the current year were \$2,480,438, total net revenues were \$2,757,438 and total revenues were \$10,392,066.

During 2010, the City's sewer fund received \$2,206,289 in OWDA loan proceeds that were subsequently forgiven as part of the American Recovery and Reinvestment Act (ARRA).

Improvements to the City's water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2010, the City has the following four loans outstanding with OPWC:

	Interest Rate	Maturity Date	Balance Outstanding 12/31/10
OPWC loan	4.00%	1/1/2014	\$ 76,131
OPWC loan	3.00%	7/1/2017	196,076
OPWC loan	0.00%	7/1/2019	156,788
OPWC loan	0.00%	7/1/2020	<u>101,742</u>
Total			<u>\$ 530,737</u>

The loans are payable in semi-annual installments of principal and interest (if applicable).



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the City's future annual debt service principal and interest requirements for the business-type activities. The OWDA loans do not tie due to many loans still being open. Once a loan is closed it will produce a final amortization schedule and be disclosed.

Year Ending December 31,	General Obligation Bonds			Sewer Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 575,000	\$ 426,788	\$ 1,001,788	\$ 7,230	\$ 5,415	\$ 12,645
2012	595,000	401,038	996,038	7,645	5,000	12,645
2013	630,000	374,388	1,004,388	8,085	4,560	12,645
2014	655,000	342,888	997,888	8,550	4,095	12,645
2015	690,000	310,138	1,000,138	9,041	3,604	12,645
2016 - 2020	3,940,000	987,758	4,927,758	53,631	9,594	63,225
2021 - 2023	<u>1,510,000</u>	<u>161,438</u>	<u>1,671,438</u>	-	-	-
Total	<u>\$ 8,595,000</u>	<u>\$ 3,004,436</u>	<u>\$ 11,599,436</u>	<u>\$ 94,182</u>	<u>\$ 32,268</u>	<u>\$ 126,450</u>

Year Ending December 31,	OWDA Loans Payable			OPWC Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,134,216	\$ 291,601	\$ 1,425,817	\$ 78,745	\$ 9,330	\$ 88,075
2012	1,205,883	219,936	1,425,819	80,419	7,681	88,100
2013	442,937	143,532	586,469	82,154	5,972	88,126
2014	460,426	126,044	586,470	72,186	4,204	76,390
2015	478,604	107,866	586,470	61,571	3,082	64,653
2016 - 2020	<u>2,398,602</u>	<u>240,513</u>	<u>2,639,115</u>	<u>155,662</u>	<u>3,632</u>	<u>159,294</u>
Total	<u>\$ 6,120,668</u>	<u>\$ 1,129,492</u>	<u>\$ 7,250,160</u>	<u>\$ 530,737</u>	<u>\$ 33,901</u>	<u>\$ 564,638</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 13 - NOTES PAYABLE**

During 2009, the City issued \$4,800,000 in bond anticipation notes for the purpose of paying costs of construction on the municipal court facility. The notes were retired on October 5, 2010. On October 5, 2010, the City issued an additional \$6,150,000 in bond anticipation notes. The governmental and business-type notes were issued for the purpose of paying costs in relation to the municipal court facility and the municipal sanitary sewerage system. The notes are due within one year. A summary of the note transactions for the year ended December 31, 2010 follows:

<u>Governmental activities:</u>	<u>Maturity</u> <u>Date</u>	<u>Outstanding</u> <u>12/31/2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u> <u>12/31/2010</u>
Bond anticipation notes - 2.00%	10/5/2010	\$ 4,800,000	\$ -	\$ (4,800,000)	\$ -
Bond anticipation notes - 1.00%	10/5/2011	<u>-</u>	<u>4,650,000</u>	<u>-</u>	<u>4,650,000</u>
Total		<u>\$ 4,800,000</u>	<u>\$ 4,650,000</u>	<u>\$ (4,800,000)</u>	<u>\$ 4,650,000</u>
 <u>Business-type activities:</u>					
Sewer bond anticipation notes - 1.00%	10/5/2011	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>

The notes are backed by the full faith and credit of the City. Of the original proceeds of \$4,800,000 of the governmental activities notes, \$436,877 remained unspent at December 31, 2010.

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters, and injuries to employees. To manage this risk the City participates in various jointly funded pools, both risk sharing and group rated, to provide separate and distinct coverage for each type of risk, as described below. There have been no significant reductions in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

**A. BORMA Property and Casualty Pool**

The Buckeye Ohio Risk Management Association - Property and Casualty Pool (BORMA P&C) provides comprehensive and general liability for automobiles, automobile physical damage, general liability, crime and property, and public officials' coverages up to specific limits. The pool includes the following Ohio cities as members: Bowling Green, Defiance, Huron, Napoleon, Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims.

As of December 31, 2010, the pool had cash reserves of \$3,665,932 which in the opinion of management is adequate for any claims currently pending against the pool. During 2010, the City paid \$188,033 into the pool for total premiums for the property and casualty coverage received. For the plan year that includes December 31, 2010, the amount of risk retained within the pool is \$150,000 per occurrence for Property and Crime and \$150,000 per occurrence for General Liability and Automobile Liability. The City's individual liability is \$1,000 per occurrence for Property and Crime losses.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 14 - RISK MANAGEMENT - (Continued)**

The BORMA P&C Pool previously joined with other public cost sharing pools to form a new pool called the Public Entity Risk Corporation (PERC). PERC provides self-insured retentions for each of the member pools as follows: Property up to \$250,000 per occurrence, Liability up to \$500,000 per occurrence, and Stop Loss up to \$1,650,000 maximum per year. Coverage is provided by various insurance carriers with total Property limits of up to \$250,000,000 per occurrence, primary General Liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess Liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.

**B. BORMA Benefits Pool**

The BORMA Benefits Pool is for employee benefits and includes Life Insurance, Accidental Death and Dismemberment Insurance, Health Insurance and Prescription Drug Insurance. Plan options and levels of coverage are established independently by each pool member for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. The pool includes the following Ohio public entities as members: the cities of Archbold, Bowling Green, Carey, Clyde, Defiance, Fayette, Hicksville, Macedonia, Napoleon, Oberlin, Oregon, Sandusky, Upper Sandusky, and Willard; and the Sandusky County Board of Health. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims.

As of December 31, 2010, the pool had total reported assets of \$3,714,339. The 2010 monthly premiums paid by the City of Defiance per covered employee were \$1,197 for family coverage, \$931 for two-party coverage, and \$449 for single coverage. The monthly life insurance premium was \$2.55. The cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. Employees contribute a portion of each monthly premium through payroll withholding. During 2010, the City paid \$1,831,944 into the pool for all covered benefits. The amount of risk retained by the pool in 2010 was \$125,000 per individual; coverage in excess of this amount was provided by Sun Life Financial.

Both the BORMA P&C and the BORMA Benefits Pools have the ability to require member Cities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the pool reserves and premium levels; therefore, no additional amounts have been reserved in the financial statements. Audited financial statements are maintained separately by each pool.

**C. Workers' Compensation**

The City participates in the State of Ohio Bureau of Workers' Compensation Group Rating Program through its membership in the Ohio Municipal League. The City pays the State Workers' Compensation System an annual premium that is a computed percentage of the previous year's payroll, plus administrative costs. Annual premiums are based on the previous five years' loss history. In 2010, the City paid \$200,047 in total Workers' Compensation premiums and administrative costs.

**D. State Unemployment Benefits**

Political subdivisions in Ohio are not required to pay the State's unemployment tax. Instead, the City pays unemployment benefits claims directly to the Ohio Department of Job and Family Services, as they occur. During 2010, the City paid \$163 to the Ohio Department of Job and Family Services for unemployment benefits claims.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 15 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. 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. The 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The City's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The City's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$375,685, \$355,140, and \$310,697, respectively; 90.87% has been contributed for 2010 and 100% has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$45,712 made by the City and \$32,651 made by the plan members.

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 15 - PENSION PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2010, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$212,356 and \$221,543 for the year ended December 31, 2010, \$194,179 and \$224,642 for the year ended December 31, 2009, and \$210,943 and \$236,046, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 91.19% has been contributed for police and firefighters for 2010.

**NOTE 16 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00% of covered payroll (17.87% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$212,229, \$256,793, and \$310,697, respectively; 90.87% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (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 employers, 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.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an Internal Revenue Service Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% 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 the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$112,424 and \$86,691 for the year ended December 31, 2010, \$102,801 and \$87,904 for the year ended December 31, 2009, and \$111,675 and \$92,366, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 91.19% has been contributed for police and firefighters for 2010.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While the City is 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, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP); and,
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented.

<b>Net Change in Fund Balances</b>	<u>General</u>
Budget basis	\$ (723,575)
Net adjustment for revenue accruals	121,988
Net adjustment for expenditure accruals	(242,260)
Adjustment for encumbrances	<u>265,161</u>
GAAP basis	<u><u>\$ (578,686)</u></u>

**NOTE 18 - LOANS RECEIVABLE**

Loans receivable represent low interest loans made by the City for development projects and businesses under the Community Development Block Grant (CDBG) Program. A summary of the loan activity is as follows:

	Balance Outstanding <u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>12/31/10</u>
CDBG loans	<u>\$ 1,492,009</u>	<u>\$ 207,500</u>	<u>\$ (261,684)</u>	<u>\$ 1,437,825</u>

The CDBG loans are reported in the nonmajor governmental funds. Fund balance has been reserved for the outstanding balance due at year end.

**NOTE 19 - 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, 2010.

**B. Litigation**

Several claims and lawsuits are pending against the City. In the opinion of the City Law Director, any potential liability would not have a material effect on the basic financial statements.



**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 20 - SIGNIFICANT SUBSEQUENT EVENT**

On April 12, 2011, the City retired \$3,920,000 in general obligation bond anticipation notes and issued \$3,398,000 in new notes with an interest rate of 0.709% and a maturity date of April 12, 2012. The following table summarizes the activity.

<u>Note Issuance</u>	<u>Original Issue Date</u>	<u>Retired</u>	<u>Issued</u>
Bond Anticipation Notes	04/13/10	\$ 3,920,000	\$ 3,398,000

The difference between the amount of the new notes issued and the amount of the old notes retired represent resources of the City used to repay the notes or new money issued to finance various projects.

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**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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**CITY OF DEFIANCE, OHIO**  
INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**GENERAL FUND**

The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

**SPECIAL REVENUE FUNDS**

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. Following is a description of the City's special revenue funds:

**Nonmajor Special Revenue Funds**

***State Highway Improvements Fund***

This fund accounts for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

***Permissive Tax Fund***

This fund accounts for local vehicle license fees designated for the maintenance of streets in the City.

***Street Construction, Maintenance and Repair Fund***

This fund accounts for the portion of state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

***Indigent Drivers Fund***

To account for revenues generated from fines imposed by the Municipal Court for DUI arrests to be used for DUI enforcement training for police officers and other traffic safety programs.

***Municipal Probation Services Fund***

To account for fees collected from convicted offenders placed on probation and used to support the operations of the probation department.

***Probation Grant Fund***

To account for State grant monies that support the operations of the probation department.

***Court Computerization Fund***

To account for monies received for specific court costs that are designated for funding the acquisition and maintenance of computerized equipment or software for courts.

***Tree of Life Fund***

To account for monies donated to pay for the planting of trees, shrubs, flowers, etc. on public lands and rights-of-way within the City.

***Special Project Fund***

To account for monies received for specific court costs that are designated for various statutorily authorized purposes.

***OVI Special Project Fund***

To account for fines and court costs levied against those convicted of driving under the influence of alcohol or drugs and used exclusively for statutorily authorized purposes.

***Cable TV - Franchise Fund***

To account for franchise fees collected from local cable television operators and used to support the Defiance Community Cultural Council, whose purpose, among other things, is to record and televise City Council meetings.

**CITY OF DEFIANCE, OHIO**  
INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**Nonmajor Special Revenue Funds (continued)**

***Housing Rehabilitation Grant Fund***

To account for monies received from the Community Development Housing Rehabilitation Grant.

***Revolving Loan - Industrial Fund***

To account for monies received as development grants that become loans to a qualified industry for the purpose of economic development. As the initial loans are repaid, the money is perpetually "re-loaned" to stimulate growth in the community.

***Downtown Revitalization Grant Fund***

To account for Community Development Block Grant monies received for the purpose of improving the downtown business district.

***Peace Officer Training Fund***

To account for monies received from the State as reimbursement to the police department for qualified training expenses.

***Reservoir Enhancement Fund***

To account for monies donated for the purpose of funding projects and enhancements for recreational purposes on the reservoir grounds.

***Riverside Cemetery Enhancement Fund***

To account for monies donated for the purpose of funding maintenance and enhancement projects at the municipal cemetery.

***Hotel/Motel Tax Fund***

To account for proceeds of the City's transient guest tax, half of which is used to fund the Downtown Defiance Visitors' Bureau, and half of which is used for discretionary municipal purposes.

***Cemetery Trust Fund***

This fund accounts for monies received from the sale of cemetery lots, burial permits, and general fund for burial services and upkeep of the City Cemetery.

***Police Pension Fund***

This fund accounts for property taxes levied and other monies received for the payment of the accrued liability for police disability and pension

***Fire Pension Fund***

This fund accounts for property taxes levied and other monies received for the payment of the accrued liability for fire disability and pension benefits.

***Tax Redirection Fund***

To account for monies received in connection with a 1986 tax redirection agreement to pay for street improvements along N. Clinton Street.

***Law Enforcement Trust Fund***

To account for monies donated to the police department for discretionary equipment and training needs.

***East Side Firehouse Fund***

To account for monies donated to restore and maintain the historic East Side Firehouse.

***Fire and Rescue Trust Fund***

To account for monies donated to the fire department for the purpose of providing equipment and training related to the fire and rescue services.

***Fire Damage Repair Fund***

To account for monies received from property insurance providers on behalf of private property owners and held in escrow pending the demolition or reclamation of residential properties damaged by fire.

***Park and Recreation Trust Fund***

To account for monies donated for equipment and improvements to enhance the City's parks and recreation programs.

**CITY OF DEFIANCE, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**DEBT SERVICE FUNDS**

The debt service funds are used to account for the accumulation of resources and the payments of principal, interest, and costs related to bond retirement and tax increment financing. Following is a description of the City's debt service funds:

**Nonmajor Debt Service Funds**

***Bond Retirement Fund***

This fund accounts for the resources that are used for the payment of principal, interest, and other fiscal charges on general obligation debt.

***Tax Increment Financing Fund***

To account for monies received in connection with tax increment financing agreements to pay for water and sewer improvements in the Enterprise Industrial Park.

**CAPITAL PROJECTS FUNDS**

The capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary fund types. Following is a description of the City's capital project funds:

**Major Capital Projects Funds**

***Capital Improvements Fund***

The capital improvements fund accounts for resources used to purchase equipment and construct capital assets.

***Municipal Court Construction Fund***

The municipal court construction fund accounts for resources used for the construction of the municipal court facility.

**CITY OF DEFIANCE, 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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 5,107,969	\$ 5,114,182	\$ 5,298,498	\$ 184,316
Property and other local taxes . . . . .	524,432	525,069	543,993	18,924
Charges for services . . . . .	611,482	612,225	634,290	22,065
Licenses, permits and fees . . . . .	119,647	119,793	124,110	4,317
Fines and forfeitures . . . . .	553,404	554,077	574,046	19,969
Intergovernmental . . . . .	925,192	926,317	959,702	33,385
Investment income . . . . .	9,147	9,158	9,488	330
Donations . . . . .	5,149	5,155	5,341	186
Other . . . . .	210,332	210,578	209,479	(1,099)
<b>Total revenues . . . . .</b>	<b>8,066,754</b>	<b>8,076,554</b>	<b>8,358,947</b>	<b>282,393</b>
<b>Expenditures:</b>				
Current:				
General Government:				
City Council:				
Salaries and wages . . . . .	57,655	67,044	60,525	6,519
Operating . . . . .	40,668	38,553	34,803	3,750
<b>Total city council . . . . .</b>	<b>98,323</b>	<b>105,597</b>	<b>95,328</b>	<b>10,269</b>
Municipal Court:				
Salaries and wages . . . . .	381,869	431,596	363,837	67,759
Operating . . . . .	126,900	108,162	97,641	10,521
<b>Total municipal court . . . . .</b>	<b>508,769</b>	<b>539,758</b>	<b>461,478</b>	<b>78,280</b>
County Law Library:				
Operating . . . . .	31,411	25,787	23,279	2,508
<b>Total county law library . . . . .</b>	<b>31,411</b>	<b>25,787</b>	<b>23,279</b>	<b>2,508</b>
Mayor:				
Salaries and wages . . . . .	145,310	159,080	143,606	15,474
Operating . . . . .	14,413	12,354	11,152	1,202
<b>Total mayor . . . . .</b>	<b>159,723</b>	<b>171,434</b>	<b>154,758</b>	<b>16,676</b>
City Administrator:				
Salaries and wages . . . . .	121,345	131,973	119,136	12,837
Operating . . . . .	54,414	29,826	26,925	2,901
<b>Total city administrator . . . . .</b>	<b>175,759</b>	<b>161,799</b>	<b>146,061</b>	<b>15,738</b>
Finance Department:				
Salaries and wages . . . . .	297,635	301,906	272,539	29,367
Operating . . . . .	76,434	66,717	60,227	6,490
<b>Total finance department . . . . .</b>	<b>374,069</b>	<b>368,623</b>	<b>332,766</b>	<b>35,857</b>
County and State Charges:				
Operating . . . . .	78,000	96,927	87,499	9,428
<b>Total county and state charges . . . . .</b>	<b>78,000</b>	<b>96,927</b>	<b>87,499</b>	<b>9,428</b>
Law Department:				
Salaries and wages . . . . .	281,490	309,660	279,539	30,121
Operating . . . . .	33,609	125,729	113,499	12,230
<b>Total law department . . . . .</b>	<b>315,099</b>	<b>435,389</b>	<b>393,038</b>	<b>42,351</b>

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**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service:				
Salaries and wages . . . . .	\$ 7,738	\$ 7,650	\$ 6,906	\$ 744
Operating . . . . .	22,360	26,831	24,221	2,610
Total civil service . . . . .	<u>30,098</u>	<u>34,481</u>	<u>31,127</u>	<u>3,354</u>
Land and Buildings:				
Salaries and wages . . . . .	72,480	77,167	69,661	7,506
Operating . . . . .	454,237	443,224	400,111	43,113
Total land and buildings . . . . .	<u>526,717</u>	<u>520,391</u>	<u>469,772</u>	<u>50,619</u>
Insurance Pool:				
Operating . . . . .	210,000	225,982	204,000	21,982
Total insurance pool . . . . .	<u>210,000</u>	<u>225,982</u>	<u>204,000</u>	<u>21,982</u>
Income Tax Collection and Distribution:				
Salaries and wages . . . . .	121,230	130,883	118,152	12,731
Operating . . . . .	265,293	288,462	260,403	28,059
Total income tax collection and distribution . . . . .	<u>386,523</u>	<u>419,345</u>	<u>378,555</u>	<u>40,790</u>
Total General Government . . . . .	<u>2,894,491</u>	<u>3,105,513</u>	<u>2,777,661</u>	<u>327,852</u>
Security of Persons and Property:				
Police:				
Salaries and wages . . . . .	2,274,750	2,507,612	2,263,693	243,919
Operating . . . . .	788,450	570,042	514,593	55,449
Total police. . . . .	<u>3,063,200</u>	<u>3,077,654</u>	<u>2,778,286</u>	<u>299,368</u>
Fire:				
Salaries and wages . . . . .	1,779,795	1,806,241	1,630,545	175,696
Operating . . . . .	129,950	122,786	110,842	11,944
Total fire . . . . .	<u>1,909,745</u>	<u>1,929,027</u>	<u>1,741,387</u>	<u>187,640</u>
Total Security of Persons and Property.	<u>4,972,945</u>	<u>5,006,681</u>	<u>4,519,673</u>	<u>487,008</u>
Public Health and Welfare:				
Cemetary:				
Salaries and wages . . . . .	169,545	179,895	162,396	17,499
Operating . . . . .	58,835	56,787	51,263	5,524
Total cemetary . . . . .	<u>228,380</u>	<u>236,682</u>	<u>213,659</u>	<u>23,023</u>
Total Public Health and Welfare . . .	<u>228,380</u>	<u>236,682</u>	<u>213,659</u>	<u>23,023</u>
Community Environment:				
Building Inspection:				
Salaries and wages . . . . .	100,445	105,685	95,405	10,280
Operating . . . . .	36,035	26,201	23,652	2,549
Total building inspection . . . . .	<u>136,480</u>	<u>131,886</u>	<u>119,057</u>	<u>12,829</u>
Engineering:				
Salaries and wages . . . . .	408,840	407,034	367,441	39,593
Operating . . . . .	24,283	18,747	16,923	1,824
Total engineering. . . . .	<u>433,123</u>	<u>425,781</u>	<u>384,364</u>	<u>41,417</u>
Total Community Environment. . . .	<u>569,603</u>	<u>557,667</u>	<u>503,421</u>	<u>54,246</u>

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**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Leisure Time Activities:				
Parks and Recreation:				
Salaries and wages . . . . .	\$ 349,470	\$ 367,412	\$ 331,673	\$ 35,739
Operating . . . . .	294,283	265,461	239,639	25,822
Total parks and recreation . . . . .	<u>643,753</u>	<u>632,873</u>	<u>571,312</u>	<u>61,561</u>
Total Leisure Time Activity . . . . .	<u>643,753</u>	<u>632,873</u>	<u>571,312</u>	<u>61,561</u>
Economic Development and Assistance:				
Development Department:				
Operating . . . . .	85,390	58,485	52,796	5,689
Total development department . . . . .	<u>85,390</u>	<u>58,485</u>	<u>52,796</u>	<u>5,689</u>
Total Economic Development and Assistance . . . . .	<u>85,390</u>	<u>58,485</u>	<u>52,796</u>	<u>5,689</u>
Total expenditures . . . . .	<u>9,394,562</u>	<u>9,597,901</u>	<u>8,638,522</u>	<u>959,379</u>
Excess of expenditures over revenues . . . . .	<u>(1,327,808)</u>	<u>(1,521,347)</u>	<u>(279,575)</u>	<u>1,241,772</u>
<b>Other financing uses:</b>				
Transfers out . . . . .	(504,000)	(444,000)	(444,000)	-
Total other financing uses . . . . .	<u>(504,000)</u>	<u>(444,000)</u>	<u>(444,000)</u>	<u>-</u>
Net change in fund balance . . . . .	(1,831,808)	(1,965,347)	(723,575)	1,241,772
<b>Fund balance at beginning of year . . . . .</b>	<u>1,843,437</u>	<u>1,843,437</u>	<u>1,843,437</u>	<u>-</u>
<b>Prior year encumbrances appropriated . . . . .</b>	<u>155,360</u>	<u>155,360</u>	<u>155,360</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 166,989</u>	<u>\$ 33,450</u>	<u>\$ 1,275,222</u>	<u>\$ 1,241,772</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CAPITAL IMPROVEMENTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,348,067	\$ 1,348,067	\$ 1,331,064	\$ (17,003)
Intergovernmental . . . . .	105,933	105,933	104,597	(1,336)
Total revenues . . . . .	<u>1,454,000</u>	<u>1,454,000</u>	<u>1,435,661</u>	<u>(18,339)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Operating . . . . .	<u>1,978,929</u>	<u>1,985,974</u>	<u>1,663,703</u>	<u>322,271</u>
Total expenditures . . . . .	<u>1,978,929</u>	<u>1,985,974</u>	<u>1,663,703</u>	<u>322,271</u>
Net change in fund balance . . . . .	(524,929)	(531,974)	(228,042)	303,932
<b>Fund balance at beginning of year . . . .</b>	844,041	844,041	844,041	-
<b>Prior year encumbrances appropriated .</b>	<u>296,929</u>	<u>296,929</u>	<u>296,929</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 616,041</u>	<u>\$ 608,996</u>	<u>\$ 912,928</u>	<u>\$ 303,932</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**MUNICIPAL COURT CONSTRUCTION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ -	\$ -	\$ 3,491	\$ 3,491
Other . . . . .	-	20,000	20,000	-
Total revenues . . . . .	<u>-</u>	<u>20,000</u>	<u>23,491</u>	<u>3,491</u>
<b>Expenditures:</b>				
Capital Outlay:				
Operating . . . . .	<u>3,264,464</u>	<u>4,055,168</u>	<u>3,640,525</u>	<u>414,643</u>
Total expenditures. . . . .	<u>3,264,464</u>	<u>4,055,168</u>	<u>3,640,525</u>	<u>414,643</u>
Net change in fund balance . . . . .	(3,264,464)	(4,035,168)	(3,617,034)	418,134
<b>Fund balance at beginning of year . . . .</b>	770,704	770,704	770,704	-
<b>Prior year encumbrances appropriated .</b>	<u>3,264,464</u>	<u>3,264,464</u>	<u>3,264,464</u>	<u>-</u>
<b>Fund balance (deficit) at end of year . . .</b>	<u>\$ 770,704</u>	<u>\$ -</u>	<u>\$ 418,134</u>	<u>\$ 418,134</u>

**CITY OF DEFIANCE, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 2,001,472	\$ 1,003,362	\$ 3,004,834
Receivables (net of allowance for uncollectibles):			
Income taxes . . . . .	4,086	-	4,086
Property and other local taxes. . . . .	191,860	-	191,860
Payment in lieu of taxes. . . . .	-	68,600	68,600
Accounts . . . . .	82,642	-	82,642
Loans . . . . .	1,437,825	-	1,437,825
Special assessments. . . . .	-	166,098	166,098
Accrued interest. . . . .	76	-	76
Due from other governments . . . . .	391,234	-	391,234
Materials and supplies inventory . . . . .	39,839	-	39,839
Total assets . . . . .	<u>\$ 4,149,034</u>	<u>\$ 1,238,060</u>	<u>\$ 5,387,094</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 8,391	\$ -	\$ 8,391
Contracts payable. . . . .	25,151	-	25,151
Accrued wages and benefits . . . . .	18,070	-	18,070
Due to other governments . . . . .	44,690	-	44,690
Accrued interest payable . . . . .	11,084	-	11,084
Deferred revenue . . . . .	247,110	166,098	413,208
Unearned revenue . . . . .	145,692	68,600	214,292
Total liabilities . . . . .	<u>500,188</u>	<u>234,698</u>	<u>734,886</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	254,020	-	254,020
Reserved for materials and supplies inventory. . .	39,839	-	39,839
Reserved for loans . . . . .	1,437,825	-	1,437,825
Reserved for debt service . . . . .	-	1,003,362	1,003,362
Unreserved, undesignated, reported in:			
Special revenue funds . . . . .	1,917,162	-	1,917,162
Total fund balances. . . . .	<u>3,648,846</u>	<u>1,003,362</u>	<u>4,652,208</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,149,034</u>	<u>\$ 1,238,060</u>	<u>\$ 5,387,094</u>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Other Governmental Funds</b>
<b>Revenues:</b>			
Income taxes . . . . .	\$ 22,462	\$ -	\$ 22,462
Property and other local taxes . . . . .	334,523	-	334,523
Charges for services . . . . .	290	-	290
Licenses, permits and fees . . . . .	183,840	-	183,840
Fines and forfeitures . . . . .	264,824	-	264,824
Intergovernmental . . . . .	1,638,260	-	1,638,260
Special assessments . . . . .	-	88,403	88,403
Investment income . . . . .	63,897	-	63,897
Donations. . . . .	25,826	-	25,826
Payment in lieu of taxes . . . . .	-	82,943	82,943
Other . . . . .	287,264	-	287,264
Total revenues. . . . .	<u>2,821,186</u>	<u>171,346</u>	<u>2,992,532</u>
<b>Expenditures:</b>			
Current:			
General government . . . . .	408,453	3,573	412,026
Security of persons and property. . . . .	1,123,423	-	1,123,423
Transportation . . . . .	1,286,092	-	1,286,092
Community environment. . . . .	27,299	-	27,299
Economic development and assistance . . . . .	328,441	-	328,441
Capital outlay. . . . .	20,586	-	20,586
Debt service:			
Principal retirement. . . . .	-	99,543	99,543
Interest and fiscal charges . . . . .	11,084	12,208	23,292
Total expenditures . . . . .	<u>3,205,378</u>	<u>115,324</u>	<u>3,320,702</u>
Excess/(deficiency) of revenues over/(under) expenditures . . . . .	<u>(384,192)</u>	<u>56,022</u>	<u>(328,170)</u>
<b>Other financing sources (uses):</b>			
Transfers in. . . . .	444,000	-	444,000
Transfers (out) . . . . .	<u>(227,356)</u>	<u>(6,836)</u>	<u>(234,192)</u>
Total other financing sources (uses) . . . . .	<u>216,644</u>	<u>(6,836)</u>	<u>209,808</u>
Net change in fund balances . . . . .	(167,548)	49,186	(118,362)
<b>Fund balances at beginning of year . . . . .</b>	<u>3,816,394</u>	<u>954,176</u>	<u>4,770,570</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 3,648,846</u>	<u>\$ 1,003,362</u>	<u>\$ 4,652,208</u>

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**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2010

	<u>State Highway Improvements</u>	<u>Permissive Tax</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Indigent Drivers</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 150,751	\$ 18,782	\$ 109,374	\$ 28,053
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	4,086	-
Property and other local taxes . . . . .	-	-	-	-
Accounts . . . . .	-	-	-	4,978
Loans . . . . .	-	-	-	-
Accrued interest . . . . .	19	-	16	-
Due from other governments . . . . .	30,198	-	334,579	-
Materials and supplies inventory . . . . .	-	-	39,839	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets . . . . .	<u>\$ 180,968</u>	<u>\$ 18,782</u>	<u>\$ 487,894</u>	<u>\$ 33,031</u>
 <b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ 2,212	\$ 739
Contracts payable . . . . .	-	-	-	-
Accrued wages and benefits . . . . .	-	-	18,070	-
Due to other governments . . . . .	-	-	20,476	-
Accrued interest payable . . . . .	-	-	-	-
Deferred revenue . . . . .	21,206	-	215,750	-
Unearned revenue . . . . .	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities . . . . .	<u>21,206</u>	<u>-</u>	<u>256,508</u>	<u>739</u>
 <b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	-	1,668	15,049	4,813
Reserved for materials and supplies inventory . . . . .	-	-	39,839	-
Reserved for loans . . . . .	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	159,762	17,114	176,498	27,479
Total fund balances . . . . .	<u>159,762</u>	<u>18,782</u>	<u>231,386</u>	<u>32,292</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance . . . . .	<u>\$ 180,968</u>	<u>\$ 18,782</u>	<u>\$ 487,894</u>	<u>\$ 33,031</u>



<b>Municipal Probation Services</b>	<b>Probation Grant</b>	<b>Court Computerization</b>	<b>Tree of Life</b>	<b>Special Project</b>	<b>OVI Special Project</b>
\$ 237,793	\$ 4,263	\$ 86,758	\$ 1,214	\$ 317,450	\$ 39,082
-	-	-	-	-	-
-	-	-	-	-	-
2,453	-	3,559	-	10,517	1,219
-	-	-	-	-	-
-	-	-	-	-	-
-	13,670	-	-	-	1,233
-	-	-	-	-	-
<u>\$ 240,246</u>	<u>\$ 17,933</u>	<u>\$ 90,317</u>	<u>\$ 1,214</u>	<u>\$ 327,967</u>	<u>\$ 41,534</u>
\$ -	\$ -	\$ 135	\$ -	\$ -	\$ -
-	-	-	-	25,151	-
-	-	-	-	-	-
-	820	-	-	-	-
-	-	-	-	11,084	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>820</u>	<u>135</u>	<u>-</u>	<u>36,235</u>	<u>-</u>
220	-	2,121	-	17,727	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>240,026</u>	<u>17,113</u>	<u>88,061</u>	<u>1,214</u>	<u>274,005</u>	<u>41,534</u>
<u>240,246</u>	<u>17,113</u>	<u>90,182</u>	<u>1,214</u>	<u>291,732</u>	<u>41,534</u>
<u>\$ 240,246</u>	<u>\$ 17,933</u>	<u>\$ 90,317</u>	<u>\$ 1,214</u>	<u>\$ 327,967</u>	<u>\$ 41,534</u>

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**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2010

	<u>Cable TV - Franchise</u>	<u>Housing Rehabilitation Grant</u>	<u>Revolving Loan - Industrial</u>	<u>Downtown Revitalization Grant</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ -	\$ 28,799	\$ 348,663	\$ 16,355
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	46,279	-	13,637	-
Loans . . . . .	-	-	1,437,825	-
Accrued interest. . . . .	-	-	41	-
Due from other governments . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 46,279</u>	<u>\$ 28,799</u>	<u>\$ 1,800,166</u>	<u>\$ 16,355</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ 4,995	\$ -	\$ -
Contracts payable. . . . .	-	-	-	-
Accrued wages and benefits . . . . .	-	-	-	-
Due to other governments . . . . .	-	-	-	-
Accrued interest payable . . . . .	-	-	-	-
Deferred revenue . . . . .	-	-	-	-
Unearned revenue . . . . .	-	-	-	-
Total liabilities . . . . .	<u>-</u>	<u>4,995</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	-	4,505	-	-
Reserved for materials and supplies inventory. . .	-	-	-	-
Reserved for loans . . . . .	-	-	1,437,825	-
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	<u>46,279</u>	<u>19,299</u>	<u>362,341</u>	<u>16,355</u>
Total fund balances . . . . .	<u>46,279</u>	<u>23,804</u>	<u>1,800,166</u>	<u>16,355</u>
Total liabilities and fund balance . . . . .	<u>\$ 46,279</u>	<u>\$ 28,799</u>	<u>\$ 1,800,166</u>	<u>\$ 16,355</u>

<b>Peace Officer Training</b>	<b>Reservoir Enhancement</b>	<b>Riverside Cemetery Enhancement</b>	<b>Hotel/Motel Tax</b>	<b>Cemetery Trust</b>	<b>Police Pension</b>
\$ 1,449	\$ 355	\$ 767	\$ 208,698	\$ 4,600	\$ 40,034
-	-	-	-	-	-
-	-	-	46,168	-	72,846
-	-	-	-	-	-
-	-	-	-	-	-
600	-	-	-	-	5,077
-	-	-	-	-	-
<u>\$ 2,049</u>	<u>\$ 355</u>	<u>\$ 767</u>	<u>\$ 254,866</u>	<u>\$ 4,600</u>	<u>\$ 117,957</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	23,394	-	-
-	-	-	-	-	-
-	-	-	-	-	5,077
-	-	-	-	-	72,846
-	-	-	23,394	-	77,923
-	200	-	7,907	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,049	155	767	223,565	4,600	40,034
<u>2,049</u>	<u>355</u>	<u>767</u>	<u>231,472</u>	<u>4,600</u>	<u>40,034</u>
<u>\$ 2,049</u>	<u>\$ 355</u>	<u>\$ 767</u>	<u>\$ 254,866</u>	<u>\$ 4,600</u>	<u>\$ 117,957</u>

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**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2010

	<u>Fire Pension</u>	<u>Tax Redirection</u>	<u>Law Enforcement Trust</u>	<u>East Side Firehouse</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 40,355	\$ 32,373	\$ 24,287	\$ 2,110
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes . . . . .	72,846	-	-	-
Accounts . . . . .	-	-	-	-
Loans . . . . .	-	-	-	-
Accrued interest . . . . .	-	-	-	-
Due from other governments . . . . .	5,077	-	800	-
Materials and supplies inventory . . . . .	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets . . . . .	<u>\$ 118,278</u>	<u>\$ 32,373</u>	<u>\$ 25,087</u>	<u>\$ 2,110</u>
 <b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ 310	\$ -
Contracts payable . . . . .	-	-	-	-
Accrued wages and benefits . . . . .	-	-	-	-
Due to other governments . . . . .	-	-	-	-
Accrued interest payable . . . . .	-	-	-	-
Deferred revenue . . . . .	5,077	-	-	-
Unearned revenue . . . . .	72,846	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities . . . . .	<u>77,923</u>	<u>-</u>	<u>310</u>	<u>-</u>
 <b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	-	-	22	-
Reserved for materials and supplies inventory . .	-	-	-	-
Reserved for loans . . . . .	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	40,355	32,373	24,755	2,110
Total fund balances . . . . .	<u>40,355</u>	<u>32,373</u>	<u>24,777</u>	<u>2,110</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance . . . . .	<u>\$ 118,278</u>	<u>\$ 32,373</u>	<u>\$ 25,087</u>	<u>\$ 2,110</u>

<u>Fire and Rescue Trust</u>	<u>Fire Damage Repair</u>	<u>Park and Recreation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 142,924	\$ 77,888	\$ 38,295	\$ 2,001,472
-	-	-	4,086
-	-	-	191,860
-	-	-	82,642
-	-	-	1,437,825
-	-	-	76
-	-	-	391,234
-	-	-	39,839
<u>\$ 142,924</u>	<u>\$ 77,888</u>	<u>\$ 38,295</u>	<u>\$ 4,149,034</u>
\$ -	\$ -	\$ -	\$ 8,391
-	-	-	25,151
-	-	-	18,070
-	-	-	44,690
-	-	-	11,084
-	-	-	247,110
-	-	-	145,692
-	-	-	500,188
122,000	77,788	-	254,020
-	-	-	39,839
-	-	-	1,437,825
<u>20,924</u>	<u>100</u>	<u>38,295</u>	<u>1,917,162</u>
<u>142,924</u>	<u>77,888</u>	<u>38,295</u>	<u>3,648,846</u>
<u>\$ 142,924</u>	<u>\$ 77,888</u>	<u>\$ 38,295</u>	<u>\$ 4,149,034</u>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>State Highway Improvements</b>	<b>Permissive Tax</b>	<b>Street Construction, Maintenance and Repair</b>	<b>Indigent Drivers</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ 22,462	\$ -
Property and other local taxes . . . . .	-	-	-	-
Charges for services . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	-	-	-	29,640
Intergovernmental . . . . .	54,293	351,059	782,754	-
Investment income . . . . .	237	-	189	-
Donations . . . . .	-	-	-	-
Other . . . . .	-	-	5,598	-
<b>Total revenues.</b> . . . .	<b>54,530</b>	<b>351,059</b>	<b>811,003</b>	<b>29,640</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	-	-
Security of persons and property. . . . .	-	-	-	41,360
Transportation . . . . .	41,148	353,853	891,091	-
Community environment. . . . .	-	-	-	-
Economic development and assistance . . . . .	-	-	-	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Interest and fiscal charges . . . . .	-	-	-	-
<b>Total expenditures</b> . . . . .	<b>41,148</b>	<b>353,853</b>	<b>891,091</b>	<b>41,360</b>
Excess/(deficiency) of revenues over/(under) expenditures . . . . .	13,382	(2,794)	(80,088)	(11,720)
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	-	-	-	-
Transfers (out) . . . . .	-	-	-	-
<b>Total other financing sources (uses)</b> . . . . .	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances . . . . .	13,382	(2,794)	(80,088)	(11,720)
<b>Fund balances at beginning of year</b> . . . . .	<b>146,380</b>	<b>21,576</b>	<b>311,474</b>	<b>44,012</b>
<b>Fund balances at end of year</b> . . . . .	<b>\$ 159,762</b>	<b>\$ 18,782</b>	<b>\$ 231,386</b>	<b>\$ 32,292</b>

<u>Municipal Probation Services</u>	<u>Probation Grant</u>	<u>Court Computerization</u>	<u>Tree of Life</u>	<u>Special Project</u>	<u>OVI Special Project</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,654	-	49,192	-	134,809	22,219
-	68,349	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	7,977
<u>24,654</u>	<u>68,349</u>	<u>49,192</u>	<u>-</u>	<u>134,809</u>	<u>30,196</u>
-	-	135	-	87,628	-
799	55,720	96,626	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	15,591	-
-	-	-	-	11,084	-
<u>799</u>	<u>55,720</u>	<u>96,761</u>	<u>-</u>	<u>114,303</u>	<u>-</u>
<u>23,855</u>	<u>12,629</u>	<u>(47,569)</u>	<u>-</u>	<u>20,506</u>	<u>30,196</u>
-	-	-	-	-	-
-	-	-	-	(227,356)	-
-	-	-	-	(227,356)	-
23,855	12,629	(47,569)	-	(206,850)	30,196
<u>216,391</u>	<u>4,484</u>	<u>137,751</u>	<u>1,214</u>	<u>498,582</u>	<u>11,338</u>
<u>\$ 240,246</u>	<u>\$ 17,113</u>	<u>\$ 90,182</u>	<u>\$ 1,214</u>	<u>\$ 291,732</u>	<u>\$ 41,534</u>

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**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Cable TV - Franchise</u>	<u>Housing Rehabilitation Grant</u>	<u>Revolving Loan - Industrial</u>	<u>Downtown Revitalization Grant</u>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Property and other local taxes . . . . .	-	-	-	-
Charges for services . . . . .	-	-	290	-
Licenses, permits and fees . . . . .	180,540	-	-	-
Fines and forfeitures . . . . .	-	-	-	-
Intergovernmental . . . . .	-	168,566	-	130,144
Investment income . . . . .	-	-	63,451	-
Donations . . . . .	-	-	-	-
Other . . . . .	-	-	13,637	-
<b>Total revenues.</b> . . . .	<u>180,540</u>	<u>168,566</u>	<u>77,378</u>	<u>130,144</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	177,951	-	-	-
Security of persons and property. . . . .	-	-	-	-
Transportation . . . . .	-	-	-	-
Community environment. . . . .	-	-	-	-
Economic development and assistance . . . . .	-	167,453	42,245	118,743
Capital outlay . . . . .	-	4,995	-	-
Debt service:				
Interest and fiscal charges . . . . .	-	-	-	-
<b>Total expenditures</b> . . . . .	<u>177,951</u>	<u>172,448</u>	<u>42,245</u>	<u>118,743</u>
Excess/(deficiency) of revenues over/(under) expenditures . . . . .	<u>2,589</u>	<u>(3,882)</u>	<u>35,133</u>	<u>11,401</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	-	-	-	-
Transfers (out) . . . . .	-	-	-	-
<b>Total other financing sources (uses)</b> . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	2,589	(3,882)	35,133	11,401
<b>Fund balances at beginning of year</b> . . . . .	<u>43,690</u>	<u>27,686</u>	<u>1,765,033</u>	<u>4,954</u>
<b>Fund balances at end of year</b> . . . . .	<u>\$ 46,279</u>	<u>\$ 23,804</u>	<u>\$ 1,800,166</u>	<u>\$ 16,355</u>



<b>Peace Officer Training</b>	<b>Reservoir Enhancement</b>	<b>Riverside Cemetery Enhancement</b>	<b>Hotel/Motel Tax</b>	<b>Cemetery Trust</b>	<b>Police Pension</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	186,867	-	73,828
-	-	-	-	-	-
-	-	-	-	-	-
600	-	-	-	-	23,292
-	18	2	-	-	-
-	22,825	-	1,600	-	-
-	-	-	-	-	-
<u>600</u>	<u>22,843</u>	<u>2</u>	<u>188,467</u>	<u>-</u>	<u>97,120</u>
-	-	-	142,739	-	-
6,520	-	-	-	-	326,034
-	-	-	-	-	-
-	26,495	804	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,520</u>	<u>26,495</u>	<u>804</u>	<u>142,739</u>	<u>-</u>	<u>326,034</u>
<u>(5,920)</u>	<u>(3,652)</u>	<u>(802)</u>	<u>45,728</u>	<u>-</u>	<u>(228,914)</u>
-	-	-	-	-	210,000
-	-	-	-	-	-
-	-	-	-	-	210,000
<u>(5,920)</u>	<u>(3,652)</u>	<u>(802)</u>	<u>45,728</u>	<u>-</u>	<u>(18,914)</u>
<u>7,969</u>	<u>4,007</u>	<u>1,569</u>	<u>185,744</u>	<u>4,600</u>	<u>58,948</u>
<u>\$ 2,049</u>	<u>\$ 355</u>	<u>\$ 767</u>	<u>\$ 231,472</u>	<u>\$ 4,600</u>	<u>\$ 40,034</u>

-- Continued

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Fire Pension</b>	<b>Tax Redirection</b>	<b>Law Enforcement Trust</b>	<b>East Side Firehouse</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Property and other local taxes . . . . .	73,828	-	-	-
Charges for services . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	-	-	4,310	-
Intergovernmental . . . . .	23,292	-	-	-
Investment income . . . . .	-	-	-	-
Donations. . . . .	-	-	1,101	-
Other . . . . .	-	-	-	-
<b>Total revenues.</b> . . . .	<u>97,120</u>	<u>-</u>	<u>5,411</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	-	-
Security of persons and property. . . . .	311,293	-	7,158	-
Transportation . . . . .	-	-	-	-
Community environment. . . . .	-	-	-	-
Economic development and assistance . . . . .	-	-	-	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Interest and fiscal charges . . . . .	-	-	-	-
<b>Total expenditures</b> . . . . .	<u>311,293</u>	<u>-</u>	<u>7,158</u>	<u>-</u>
Excess/(deficiency) of revenues over/(under) expenditures . . . . .	<u>(214,173)</u>	<u>-</u>	<u>(1,747)</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	234,000	-	-	-
Transfers (out) . . . . .	-	-	-	-
<b>Total other financing sources (uses)</b> . . . . .	<u>234,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	19,827	-	(1,747)	-
<b>Fund balances at beginning of year</b> . . . . .	<u>20,528</u>	<u>32,373</u>	<u>26,524</u>	<u>2,110</u>
<b>Fund balances at end of year</b> . . . . .	<u>\$ 40,355</u>	<u>\$ 32,373</u>	<u>\$ 24,777</u>	<u>\$ 2,110</u>

<b>Fire and Rescue Trust</b>	<b>Fire Damage Repair</b>	<b>Park and Recreation Trust</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ 22,462
-	-	-	334,523
-	-	-	290
-	-	3,300	183,840
-	-	-	264,824
35,911	-	-	1,638,260
-	-	-	63,897
300	-	-	25,826
182,899	77,153	-	287,264
<u>219,110</u>	<u>77,153</u>	<u>3,300</u>	<u>2,821,186</u>
-	-	-	408,453
235,645	42,268	-	1,123,423
-	-	-	1,286,092
-	-	-	27,299
-	-	-	328,441
-	-	-	20,586
-	-	-	11,084
<u>235,645</u>	<u>42,268</u>	<u>-</u>	<u>3,205,378</u>
<u>(16,535)</u>	<u>34,885</u>	<u>3,300</u>	<u>(384,192)</u>
-	-	-	444,000
-	-	-	(227,356)
-	-	-	216,644
(16,535)	34,885	3,300	(167,548)
159,459	43,003	34,995	3,816,394
<u>\$ 142,924</u>	<u>\$ 77,888</u>	<u>\$ 38,295</u>	<u>\$ 3,648,846</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STATE HIGHWAY IMPROVEMENTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 50,982	\$ 50,982	\$ 54,205	\$ 3,223
Investment income . . . . .	218	218	232	14
Total revenues . . . . .	<u>51,200</u>	<u>51,200</u>	<u>54,437</u>	<u>3,237</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	<u>59,306</u>	<u>59,306</u>	<u>41,148</u>	<u>18,158</u>
Total expenditures . . . . .	<u>59,306</u>	<u>59,306</u>	<u>41,148</u>	<u>18,158</u>
Net change in fund balance. . . . .	(8,106)	(8,106)	13,289	21,395
<b>Fund balance at beginning of year . . . .</b>	136,156	136,156	136,156	-
<b>Prior year encumbrances appropriated .</b>	<u>1,306</u>	<u>1,306</u>	<u>1,306</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 129,356</u>	<u>\$ 129,356</u>	<u>\$ 150,751</u>	<u>\$ 21,395</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PERMISSIVE TAX FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 410,000	\$ 457,000	\$ 351,059	\$ (105,941)
Total revenues. . . . .	<u>410,000</u>	<u>457,000</u>	<u>351,059</u>	<u>(105,941)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	413,227	459,554	355,521	104,033
Total expenditures . . . . .	<u>413,227</u>	<u>459,554</u>	<u>355,521</u>	<u>104,033</u>
Net change in fund balance. . . . .	(3,227)	(2,554)	(4,462)	(1,908)
<b>Fund balance at beginning of year . . . .</b>	18,349	18,349	18,349	-
<b>Prior year encumbrances appropriated .</b>	<u>3,227</u>	<u>3,227</u>	<u>3,227</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 18,349</u>	<u>\$ 19,022</u>	<u>\$ 17,114</u>	<u>\$ (1,908)</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 21,649	\$ 21,649	\$ 22,184	\$ 535
Intergovernmental . . . . .	763,200	763,200	782,053	18,853
Investment income . . . . .	188	188	193	5
Other . . . . .	5,275	5,275	5,405	130
Total revenues. . . . .	<u>790,312</u>	<u>790,312</u>	<u>809,835</u>	<u>19,523</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Highway and Streets:				
Salaries and wages . . . . .	655,545	655,545	623,224	32,321
Operating . . . . .	320,435	320,435	284,785	35,650
Total expenditures. . . . .	<u>975,980</u>	<u>975,980</u>	<u>908,009</u>	<u>67,971</u>
Excess of expenditures over revenues . . . . .	<u>(185,668)</u>	<u>(185,668)</u>	<u>(98,174)</u>	<u>87,494</u>
<b>Other financing sources:</b>				
Other financing sources. . . . .	<u>188</u>	<u>188</u>	<u>193</u>	<u>5</u>
Total other financing sources. . . . .	<u>188</u>	<u>188</u>	<u>193</u>	<u>5</u>
Net change in fund balance. . . . .	(185,480)	(185,480)	(97,981)	87,499
<b>Fund balance at beginning of year . . . . .</b>	163,459	163,459	163,459	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>26,635</u>	<u>26,635</u>	<u>26,635</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,614</u>	<u>\$ 4,614</u>	<u>\$ 92,113</u>	<u>\$ 87,499</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**INDIGENT DRIVERS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 16,000	\$ 16,000	\$ 25,760	\$ 9,760
Total revenues . . . . .	<u>16,000</u>	<u>16,000</u>	<u>25,760</u>	<u>9,760</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating . . . . .	49,457	53,457	48,554	4,903
Total expenditures . . . . .	<u>49,457</u>	<u>53,457</u>	<u>48,554</u>	<u>4,903</u>
Net change in fund balance. . . . .	(33,457)	(37,457)	(22,794)	14,663
<b>Fund balance at beginning of year . . . .</b>	35,838	35,838	35,838	-
<b>Prior year encumbrances appropriated .</b>	9,457	9,457	9,457	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 11,838</u>	<u>\$ 7,838</u>	<u>\$ 22,501</u>	<u>\$ 14,663</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**MUNICIPAL PROBATION SERVICES FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 27,000	\$ 27,000	\$ 22,201	\$ (4,799)
Total revenues. . . . .	<u>27,000</u>	<u>27,000</u>	<u>22,201</u>	<u>(4,799)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Operating . . . . .	8,800	8,800	1,019	7,781
Total expenditures . . . . .	<u>8,800</u>	<u>8,800</u>	<u>1,019</u>	<u>7,781</u>
Net change in fund balance. . . . .	18,200	18,200	21,182	2,982
<b>Fund balance at beginning of year . . . .</b>	<u>216,391</u>	<u>216,391</u>	<u>216,391</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 234,591</u></u>	<u><u>\$ 234,591</u></u>	<u><u>\$ 237,573</u></u>	<u><u>\$ 2,982</u></u>



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PROBATION GRANT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 27,500	\$ 82,179	\$ 54,679	\$ (27,500)
Total revenues . . . . .	<u>27,500</u>	<u>82,179</u>	<u>54,679</u>	<u>(27,500)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	26,015	81,083	52,113	28,970
Operating . . . . .	<u>2,253</u>	<u>4,336</u>	<u>2,787</u>	<u>1,549</u>
Total expenditures . . . . .	<u>28,268</u>	<u>85,419</u>	<u>54,900</u>	<u>30,519</u>
Net change in fund balance. . . . .	(768)	(3,240)	(221)	3,019
<b>Fund balance at beginning of year . . . .</b>	3,561	3,561	3,561	-
<b>Prior year encumbrances appropriated .</b>	<u>923</u>	<u>923</u>	<u>923</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,716</u>	<u>\$ 1,244</u>	<u>\$ 4,263</u>	<u>\$ 3,019</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**COURT COMPUTERIZATION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 50,000	\$ 50,000	\$ 48,967	\$ (1,033)
Total revenues . . . . .	<u>50,000</u>	<u>50,000</u>	<u>48,967</u>	<u>(1,033)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	62,634	113,634	98,882	14,752
Total expenditures . . . . .	<u>62,634</u>	<u>113,634</u>	<u>98,882</u>	<u>14,752</u>
Net change in fund balance. . . . .	(12,634)	(63,634)	(49,915)	13,719
<b>Fund balance at beginning of year . . . .</b>	133,783	133,783	133,783	-
<b>Prior year encumbrances appropriated .</b>	<u>634</u>	<u>634</u>	<u>634</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 121,783</u>	<u>\$ 70,783</u>	<u>\$ 84,502</u>	<u>\$ 13,719</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**TREE OF LIFE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Leisure Time Activities:				
Parks and Recreation:				
Operating . . . . .	\$ 1,214	\$ 1,214	\$ -	\$ 1,214
Total expenditures . . . . .	<u>1,214</u>	<u>1,214</u>	<u>-</u>	<u>1,214</u>
Net change in fund balance. . . . .	(1,214)	(1,214)	-	1,214
<b>Fund balance at beginning of year . . . .</b>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,214</u></u>	<u><u>\$ 1,214</u></u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SPECIAL PROJECT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 137,338	\$ 137,338	\$ 136,055	\$ (1,283)
Total revenues . . . . .	<u>137,338</u>	<u>137,338</u>	<u>136,055</u>	<u>(1,283)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	5,173,328	5,173,328	5,002,804	170,524
Total expenditures . . . . .	<u>5,173,328</u>	<u>5,173,328</u>	<u>5,002,804</u>	<u>170,524</u>
Excess of expenditures over revenues . . .	<u>(5,035,990)</u>	<u>(5,035,990)</u>	<u>(4,866,749)</u>	<u>169,241</u>
<b>Other financing sources:</b>				
Proceeds from the sale of notes. . . . .	4,693,842	4,693,842	4,650,000	(43,842)
Premium on sale of notes. . . . .	18,820	18,820	18,644	(176)
Total other financing sources. . . . .	<u>4,712,662</u>	<u>4,712,662</u>	<u>4,668,644</u>	<u>(44,018)</u>
Net change in fund balance. . . . .	(323,328)	(323,328)	(198,105)	125,223
<b>Fund balance at beginning of year . . . .</b>	420,500	420,500	420,500	-
<b>Prior year encumbrances appropriated .</b>	<u>77,328</u>	<u>77,328</u>	<u>77,328</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 174,500</u>	<u>\$ 174,500</u>	<u>\$ 299,723</u>	<u>\$ 125,223</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**OVI SPECIAL PROJECT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ -	\$ -	\$ 21,293	\$ 21,293
Other . . . . .	-	-	7,977	7,977
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>29,270</u>	<u>29,270</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	5,000	5,000	-	5,000
Total expenditures . . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance. . . . .	(5,000)	(5,000)	29,270	34,270
<b>Fund balance at beginning of year . . . .</b>	<u>9,812</u>	<u>9,812</u>	<u>9,812</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,812</u>	<u>\$ 4,812</u>	<u>\$ 39,082</u>	<u>\$ 34,270</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CABLE TV - FRANCHISE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, permits and fees . . . . .	\$ 170,000	\$ 177,952	\$ 177,951	\$ (1)
Total revenues . . . . .	<u>170,000</u>	<u>177,952</u>	<u>177,951</u>	<u>(1)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Cable TV:				
Operating . . . . .	170,000	177,952	177,951	1
Total expenditures . . . . .	<u>170,000</u>	<u>177,952</u>	<u>177,951</u>	<u>1</u>
Net change in fund balance. . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HOUSING REHABILITATION GRANT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 765,500	\$ 765,500	\$ 168,566	\$ (596,934)
Total revenues . . . . .	<u>765,500</u>	<u>765,500</u>	<u>168,566</u>	<u>(596,934)</u>
<b>Expenditures:</b>				
Current:				
Economic Development and Assistance:				
Housing Rehabilitation:				
Operating . . . . .	768,350	768,350	179,803	588,547
Total expenditures . . . . .	<u>768,350</u>	<u>768,350</u>	<u>179,803</u>	<u>588,547</u>
Net change in fund balance. . . . .	(2,850)	(2,850)	(11,237)	(8,387)
<b>Fund balance at beginning of year . . . .</b>	27,686	27,686	27,686	-
<b>Prior year encumbrances appropriated .</b>	<u>2,850</u>	<u>2,850</u>	<u>2,850</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 27,686</u>	<u>\$ 27,686</u>	<u>\$ 19,299</u>	<u>\$ (8,387)</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**REVOLVING LOAN - INDUSTRIAL FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ 383	\$ 383	\$ 431	\$ 48
Total revenues . . . . .	<u>383</u>	<u>383</u>	<u>431</u>	<u>48</u>
<b>Expenditures:</b>				
Current:				
Economic Development and Assistance:				
Capital Improvement:				
Operating . . . . .	444,000	444,000	240,603	203,397
Total expenditures . . . . .	<u>444,000</u>	<u>444,000</u>	<u>240,603</u>	<u>203,397</u>
Excess of expenditures over revenues . . .	<u>(443,617)</u>	<u>(443,617)</u>	<u>(240,172)</u>	<u>203,445</u>
<b>Other financing sources:</b>				
Other financing sources. . . . .	281,029	281,029	315,839	34,810
Total other financing sources . . . . .	<u>281,029</u>	<u>281,029</u>	<u>315,839</u>	<u>34,810</u>
Net change in fund balance. . . . .	(162,588)	(162,588)	75,667	238,255
<b>Fund balance at beginning of year . . . .</b>	<u>272,996</u>	<u>272,996</u>	<u>272,996</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 110,408</u>	<u>\$ 110,408</u>	<u>\$ 348,663</u>	<u>\$ 238,255</u>



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**DOWNTOWN REVITALIZATION GRANT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 409,000	\$ 409,000	\$ 130,144	\$ (278,856)
Total revenues . . . . .	<u>409,000</u>	<u>409,000</u>	<u>130,144</u>	<u>(278,856)</u>
<b>Expenditures:</b>				
Current:				
Economic Development and Assistance:				
Downtown Revitalization:				
Operating . . . . .	411,800	411,800	118,743	293,057
Total expenditures . . . . .	<u>411,800</u>	<u>411,800</u>	<u>118,743</u>	<u>293,057</u>
Net change in fund balance. . . . .	(2,800)	(2,800)	11,401	14,201
<b>Fund balance at beginning of year . . . .</b>	2,154	2,154	2,154	-
<b>Prior year encumbrances appropriated .</b>	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,154</u>	<u>\$ 2,154</u>	<u>\$ 16,355</u>	<u>\$ 14,201</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PEACE OFFICER TRAINING FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ -	\$ 600	\$ 600
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Operating . . . . .	7,000	7,000	6,520	480
Total expenditures . . . . .	<u>7,000</u>	<u>7,000</u>	<u>6,520</u>	<u>480</u>
Net change in fund balance. . . . .	(7,000)	(7,000)	(5,920)	1,080
<b>Fund balance at beginning of year . . . .</b>	<u>7,369</u>	<u>7,369</u>	<u>7,369</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 369</u></u>	<u><u>\$ 369</u></u>	<u><u>\$ 1,449</u></u>	<u><u>\$ 1,080</u></u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**RESERVOIR ENHANCEMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ -	\$ 20	\$ 18	\$ (2)
Donations. . . . .	-	24,980	22,825	(2,155)
Total revenues . . . . .	<u>-</u>	<u>25,000</u>	<u>22,843</u>	<u>(2,157)</u>
<b>Expenditures:</b>				
Current:				
Community Environment:				
Water:				
Operating . . . . .	-	29,007	26,695	2,312
Total expenditures . . . . .	<u>-</u>	<u>29,007</u>	<u>26,695</u>	<u>2,312</u>
Net change in fund balance. . . . .	-	(4,007)	(3,852)	155
<b>Fund balance at beginning of year . . . .</b>	<u>4,007</u>	<u>4,007</u>	<u>4,007</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,007</u>	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 155</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**RIVERSIDE CEMETERY ENHANCEMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ -	\$ 2	\$ 2
Total revenues . . . . .	-	-	2	2
<b>Expenditures:</b>				
Current:				
Community Environment:				
Cemetery Enhancements:				
Operating . . . . .	1,489	1,489	804	685
Total expenditures . . . . .	1,489	1,489	804	685
Net change in fund balance. . . . .	(1,489)	(1,489)	(802)	687
<b>Fund balance at beginning of year . . . .</b>	1,480	1,480	1,480	-
<b>Prior year encumbrances appropriated .</b>	89	89	89	-
<b>Fund balance at end of year . . . . .</b>	\$ 80	\$ 80	\$ 767	\$ 687

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HOTEL/MOTEL TAX FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 152,680	\$ 168,057	\$ 185,014	\$ 16,957
Donations. . . . .	1,320	1,453	1,600	147
Total revenues . . . . .	<u>154,000</u>	<u>169,510</u>	<u>186,614</u>	<u>17,104</u>
<b>Expenditures:</b>				
Current:				
General Government:				
General Operating:				
Salaries and wages . . . . .	9,520	9,536	9,425	111
Operating. . . . .	<u>20,400</u>	<u>49,298</u>	<u>48,725</u>	<u>573</u>
Total general operating . . . . .	<u>29,920</u>	<u>58,834</u>	<u>58,150</u>	<u>684</u>
Capital Improvements:				
Operating . . . . .	<u>77,000</u>	<u>93,596</u>	<u>92,507</u>	<u>1,089</u>
Total capital improvements . . . . .	<u>77,000</u>	<u>93,596</u>	<u>92,507</u>	<u>1,089</u>
Total expenditures . . . . .	<u>106,920</u>	<u>152,430</u>	<u>150,657</u>	<u>1,773</u>
Net change in fund balance. . . . .	47,080	17,080	35,957	18,877
<b>Fund balance at beginning of year . . . .</b>	153,844	153,844	153,844	-
<b>Prior year encumbrances appropriated .</b>	<u>10,990</u>	<u>10,990</u>	<u>10,990</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 211,914</u>	<u>\$ 181,914</u>	<u>\$ 200,791</u>	<u>\$ 18,877</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CEMETERY TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
Community Environment:				
Cemetery Perpetual Trust:				
Operating . . . . .	\$ 4,600	\$ 4,600	\$ -	\$ 4,600
Total expenditures . . . . .	4,600	4,600	-	4,600
Net change in fund balance. . . . .	(4,600)	(4,600)	-	4,600
<b>Fund balance at beginning of year . . . .</b>	4,600	4,600	4,600	-
<b>Fund balance at end of year . . . . .</b>	\$ -	\$ -	\$ 4,600	\$ 4,600

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**POLICE PENSION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 79,065	\$ 79,065	\$ 73,829	\$ (5,236)
Intergovernmental . . . . .	24,942	24,942	23,290	(1,652)
Total revenues . . . . .	<u>104,007</u>	<u>104,007</u>	<u>97,119</u>	<u>(6,888)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police Pension:				
Salaries and wages . . . . .	320,000	320,000	323,950	(3,950)
Operating . . . . .	-	-	2,083	(2,083)
Total expenditures . . . . .	<u>320,000</u>	<u>320,000</u>	<u>326,033</u>	<u>(6,033)</u>
Excess of expenditures over revenues . . .	<u>(215,993)</u>	<u>(215,993)</u>	<u>(228,914)</u>	<u>(12,921)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>224,893</u>	<u>224,893</u>	<u>210,000</u>	<u>(14,893)</u>
Total other financing sources . . . . .	<u>224,893</u>	<u>224,893</u>	<u>210,000</u>	<u>(14,893)</u>
Net change in fund balance. . . . .	8,900	8,900	(18,914)	(27,814)
<b>Fund balance at beginning of year . . . .</b>	<u>58,948</u>	<u>58,948</u>	<u>58,948</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 67,848</u>	<u>\$ 67,848</u>	<u>\$ 40,034</u>	<u>\$ (27,814)</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE PENSION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 78,684	\$ 78,684	\$ 73,828	\$ (4,856)
Intergovernmental . . . . .	24,824	24,824	23,292	(1,532)
Total revenues . . . . .	<u>103,508</u>	<u>103,508</u>	<u>97,120</u>	<u>(6,388)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire Pension:				
Salaries and wages . . . . .	344,000	344,000	309,210	34,790
Operating . . . . .	-	-	2,083	(2,083)
Total expenditures . . . . .	<u>344,000</u>	<u>344,000</u>	<u>311,293</u>	<u>32,707</u>
Excess of expenditures over revenues . . .	<u>(240,492)</u>	<u>(240,492)</u>	<u>(214,173)</u>	<u>26,319</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	249,392	249,392	234,000	(15,392)
Total other financing sources . . . . .	<u>249,392</u>	<u>249,392</u>	<u>234,000</u>	<u>(15,392)</u>
Net change in fund balance. . . . .	8,900	8,900	19,827	10,927
<b>Fund balance at beginning of year . . . .</b>	<u>20,528</u>	<u>20,528</u>	<u>20,528</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 29,428</u></u>	<u><u>\$ 29,428</u></u>	<u><u>\$ 40,355</u></u>	<u><u>\$ 10,927</u></u>



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**TAX REDIRECTION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year . . . .	\$ 32,373	\$ 32,373	\$ 32,373	\$ -
Fund balance at end of year . . . . .	<u>\$ 32,373</u>	<u>\$ 32,373</u>	<u>\$ 32,373</u>	<u>\$ -</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**LAW ENFORCEMENT TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 3,045	\$ 3,045	\$ 3,510	\$ 465
Donations. . . . .	955	955	1,101	146
Total revenues . . . . .	<u>4,000</u>	<u>4,000</u>	<u>4,611</u>	<u>611</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Operating . . . . .	<u>10,000</u>	<u>10,000</u>	<u>7,180</u>	<u>2,820</u>
Total expenditures . . . . .	<u>10,000</u>	<u>10,000</u>	<u>7,180</u>	<u>2,820</u>
Net change in fund balance. . . . .	(6,000)	(6,000)	(2,569)	3,431
<b>Fund balance at beginning of year . . . .</b>	<u>26,524</u>	<u>26,524</u>	<u>26,524</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 20,524</u>	<u>\$ 20,524</u>	<u>\$ 23,955</u>	<u>\$ 3,431</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**EAST SIDE FIREHOUSE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	\$ 2,110	\$ 2,110	\$ -	\$ 2,110
Total expenditures . . . . .	<u>2,110</u>	<u>2,110</u>	<u>-</u>	<u>2,110</u>
Net change in fund balance. . . . .	(2,110)	(2,110)	-	2,110
<b>Fund balance at beginning of year . . . .</b>	<u>2,110</u>	<u>2,110</u>	<u>2,110</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,110</u></u>	<u><u>\$ 2,110</u></u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE AND RESCUE TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 5,900	\$ 54,941	\$ 35,911	\$ (19,030)
Donations. . . . .	49	459	300	(159)
Other . . . . .	30,051	279,819	182,899	(96,920)
Total revenues . . . . .	<u>36,000</u>	<u>335,219</u>	<u>219,110</u>	<u>(116,109)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	70,000	399,296	357,645	41,651
Total expenditures . . . . .	<u>70,000</u>	<u>399,296</u>	<u>357,645</u>	<u>41,651</u>
Net change in fund balance. . . . .	(34,000)	(64,077)	(138,535)	(74,458)
<b>Fund balance at beginning of year . . . . .</b>	<u>159,459</u>	<u>159,459</u>	<u>159,459</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 125,459</u>	<u>\$ 95,382</u>	<u>\$ 20,924</u>	<u>\$ (74,458)</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE DAMAGE REPAIR FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other . . . . .	\$ -	\$ 86,324	\$ 86,323	\$ (1)
Total revenues . . . . .	<u>-</u>	<u>86,324</u>	<u>86,323</u>	<u>(1)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	33,733	120,057	120,056	1
Total expenditures . . . . .	<u>33,733</u>	<u>120,057</u>	<u>120,056</u>	<u>1</u>
Net change in fund balance. . . . .	(33,733)	(33,733)	(33,733)	-
<b>Fund balance at beginning of year . . . .</b>	7,300	7,300	7,300	-
<b>Prior year encumbrances appropriated .</b>	<u>26,533</u>	<u>26,533</u>	<u>26,533</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PARK AND RECREATION TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses, permits and fees . . . . .	\$ -	\$ -	\$ 3,300	\$ 3,300
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>3,300</u>	<u>3,300</u>
Net change in fund balance. . . . .	-	-	3,300	3,300
<b>Fund balance at beginning of year . . . .</b>	<u>34,995</u>	<u>34,995</u>	<u>34,995</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 34,995</u>	<u>\$ 34,995</u>	<u>\$ 38,295</u>	<u>\$ 3,300</u>

**CITY OF DEFIANCE, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2010**

	<b>Bond Retirement</b>	<b>Tax Increment Financing</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 628,504	\$ 374,858	\$ 1,003,362
Receivables (net of allowance for uncollectibles):			
Payment in lieu of taxes. . . . .	-	68,600	68,600
Special assessments. . . . .	166,098	-	166,098
Total assets . . . . .	\$ 794,602	\$ 443,458	\$ 1,238,060
<b>Liabilities:</b>			
Deferred revenue . . . . .	\$ 166,098	\$ -	\$ 166,098
Unearned revenue. . . . .	-	68,600	68,600
Total liabilities . . . . .	166,098	68,600	234,698
<b>Fund Balances:</b>			
Reserved for debt service . . . . .	628,504	374,858	1,003,362
Total fund balances . . . . .	628,504	374,858	1,003,362
Total liabilities and fund balance . . . . .	\$ 794,602	\$ 443,458	\$ 1,238,060

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Bond Retirement</b>	<b>Tax Increment Financing</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Revenues:</b>			
Special assessments . . . . .	\$ 88,403	\$ -	\$ 88,403
Payment in lieu of taxes . . . . .	-	82,943	82,943
Total revenues. . . . .	<u>88,403</u>	<u>82,943</u>	<u>171,346</u>
<b>Expenditures:</b>			
Current:			
General government . . . . .	3,573	-	3,573
Debt service:			
Principal retirement. . . . .	59,543	40,000	99,543
Interest and fiscal charges . . . . .	6,648	5,560	12,208
Total expenditures . . . . .	<u>69,764</u>	<u>45,560</u>	<u>115,324</u>
Excess of revenues over expenditures. . . . .	<u>18,639</u>	<u>37,383</u>	<u>56,022</u>
<b>Other financing uses:</b>			
Transfers (out) . . . . .	(6,836)	-	(6,836)
Total other financing uses. . . . .	<u>(6,836)</u>	<u>-</u>	<u>(6,836)</u>
Net change in fund balances . . . . .	11,803	37,383	49,186
<b>Fund balances at beginning of year . . . . .</b>	<u>616,701</u>	<u>337,475</u>	<u>954,176</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 628,504</u>	<u>\$ 374,858</u>	<u>\$ 1,003,362</u>



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**BOND RETIREMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Special assessments . . . . .	\$ 100,000	\$ 100,000	\$ 88,403	\$ (11,597)
Total revenues. . . . .	<u>100,000</u>	<u>100,000</u>	<u>88,403</u>	<u>(11,597)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
County and State Charges:				
Operating . . . . .	7,000	7,000	3,573	3,427
Total county and state charges. . . . .	<u>7,000</u>	<u>7,000</u>	<u>3,573</u>	<u>3,427</u>
Total General Government . . . . .	<u>7,000</u>	<u>7,000</u>	<u>3,573</u>	<u>3,427</u>
Debt Service:				
Principal retirement . . . . .	66,378	66,378	66,377	1
Interest and fiscal charges . . . . .	<u>16,612</u>	<u>16,612</u>	<u>6,650</u>	<u>9,962</u>
Total debt service . . . . .	<u>82,990</u>	<u>82,990</u>	<u>73,027</u>	<u>9,963</u>
Total expenditures . . . . .	<u>89,990</u>	<u>89,990</u>	<u>76,600</u>	<u>13,390</u>
Net change in fund balance . . . . .	10,010	10,010	11,803	1,793
<b>Fund balance at beginning of year . . . . .</b>	<u>616,701</u>	<u>616,701</u>	<u>616,701</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 626,711</u>	<u>\$ 626,711</u>	<u>\$ 628,504</u>	<u>\$ 1,793</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**TAX INCREMENT FINANCING FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Debt Service:				
Principal retirement . . . . .	\$ 40,000	40,000	\$ 40,000	\$ -
Interest and fiscal charges . . . . .	5,560	5,560	5,560	-
Total expenditures . . . . .	<u>45,560</u>	<u>45,560</u>	<u>45,560</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(45,560)</u>	<u>(45,560)</u>	<u>(45,560)</u>	<u>-</u>
<b>Other financing sources:</b>				
Other financing sources . . . . .	<u>80,354</u>	<u>80,354</u>	<u>82,943</u>	<u>2,589</u>
Total other financing sources . . . . .	<u>80,354</u>	<u>80,354</u>	<u>82,943</u>	<u>2,589</u>
Net change in fund balance . . . . .	34,794	34,794	37,383	2,589
<b>Fund balance at beginning of year . . . . .</b>	<u>337,475</u>	<u>337,475</u>	<u>337,475</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 372,269</u>	<u>\$ 372,269</u>	<u>\$ 374,858</u>	<u>\$ 2,589</u>

**CITY OF DEFIANCE, OHIO**  
INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - PROPRIETARY FUNDS

**ENTERPRISE FUNDS**

Enterprise funds are used to account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges.

**Major Enterprise Funds**

***Water Fund***

This fund accounts for revenues generated from the charges for the treatment and provision of water to the residents and commercial users of the City.

***Sewer Fund***

This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City. The costs of providing these services are financed primarily through user charges.

**Nonmajor Enterprise Funds**

***Refuse Fund***

This fund accounts for the operations of providing refuse waste removal to the residents and commercial users located within the City.

***Utility Deposit Fund***

This fund accounts for the deposits to provide water service to residential and commercial users of the City.

**INTERNAL SERVICE FUND**

To 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.

***Health Care Trust Fund***

This fund accounts for the costs of medical benefits provided to the City's employees.

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**WATER FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 4,596,396	\$ 4,596,396	\$ 4,794,155	\$ 197,759
Tap-in fees . . . . .	-	-	24,216	24,216
Other. . . . .	18,149	18,149	19,026	877
Total operating revenues. . . . .	4,614,545	4,614,545	4,837,397	222,852
<b>Operating expenses:</b>				
Personal services. . . . .	1,862,705	1,876,555	1,672,634	203,921
Contractual services . . . . .	273,571	275,738	261,819	13,919
Materials and supplies . . . . .	853,247	860,007	816,594	43,413
Administrative costs . . . . .	19,347	19,500	18,516	984
Utilities . . . . .	303,393	305,892	301,845	4,047
Other. . . . .	598	602	572	30
Capital outlay . . . . .	36,472	36,761	34,905	1,856
Total operating expenses. . . . .	3,349,333	3,375,055	3,106,885	268,170
Operating income . . . . .	1,265,212	1,239,490	1,730,512	491,022
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	1,113	1,113	1,167	54
Intergovernmental . . . . .	11,668	11,668	12,231	563
Note issuance . . . . .	52,466	52,466	55,000	2,534
Premium on note issuance . . . . .	208	208	218	10
Debt service:				
Principal retirement. . . . .	(853,085)	(859,844)	(816,439)	43,405
Interest and fiscal charges . . . . .	(783,390)	(789,597)	(749,738)	39,859
Total nonoperating revenues (expenses). . . . .	(1,571,020)	(1,583,986)	(1,497,561)	86,425
Net change in fund equity. . . . .	(305,808)	(344,496)	232,951	577,447
<b>Fund equity at beginning of year. . . . .</b>	221,120	221,120	221,120	-
<b>Prior year encumbrances appropriated . . . . .</b>	194,235	194,235	194,235	-
<b>Fund equity at end of year . . . . .</b>	\$ 109,547	\$ 70,859	\$ 648,306	\$ 577,447

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SEWER FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 6,653,652	\$ 6,653,652	\$ 5,251,030	\$ (1,402,622)
Other. . . . .	310,984	310,984	245,427	(65,557)
Total operating revenues . . . . .	6,964,636	6,964,636	5,496,457	(1,468,179)
<b>Operating expenses:</b>				
Personal services. . . . .	1,713,559	1,716,071	1,482,521	233,550
Contract services. . . . .	344,010	344,563	293,178	51,385
Materials and supplies. . . . .	377,723	378,330	321,909	56,421
Administrative costs. . . . .	28,020	28,065	23,880	4,185
Utilities . . . . .	415,409	416,095	352,253	63,842
Capital outlay . . . . .	11,503,927	11,522,408	9,804,060	1,718,348
Total operating expenses. . . . .	14,382,648	14,405,532	12,277,801	2,127,731
Operating loss . . . . .	(7,418,012)	(7,440,896)	(6,781,344)	659,552
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	5,181	5,181	4,089	(1,092)
Intergovernmental . . . . .	15,498	15,498	12,231	(3,267)
Note issuance . . . . .	6,798,065	6,798,065	5,365,000	(1,433,065)
Premium on note issuance . . . . .	27,017	27,017	21,322	(5,695)
Loan issuance . . . . .	9,458,513	9,458,513	7,464,613	(1,993,900)
Debt service:				
Principal retirement. . . . .	(6,681,477)	(6,692,200)	(5,695,205)	996,995
Interest and fiscal charges. . . . .	(867,212)	(868,605)	(739,069)	129,536
Total nonoperating revenues (expenses) . . . . .	8,755,585	8,743,469	6,432,981	(2,310,488)
Net income before transfers. . . . .	1,337,573	1,302,573	(348,363)	(1,650,936)
Transfers in . . . . .	6,836	6,836	6,836	-
Net change in fund equity . . . . .	1,344,409	1,309,409	(341,527)	(1,650,936)
<b>Fund equity (deficit) at beginning of year. . . . .</b>	(2,858,897)	(2,858,897)	(2,858,897)	-
<b>Prior year encumbrances appropriated . . . . .</b>	5,184,510	5,184,510	5,184,510	-
<b>Fund equity at end of year . . . . .</b>	\$ 3,670,022	\$ 3,635,022	\$ 1,984,086	\$ (1,650,936)

**CITY OF DEFIANCE, OHIO**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2010**

	<u>Refuse</u>	<u>Utility Deposit</u>	<u>Totals</u>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents. . . . .	\$ 505,702	\$ -	\$ 505,702
Receivables (net of allowance for uncollectibles):			
Accounts . . . . .	55,384	-	55,384
Total current assets . . . . .	<u>561,086</u>	<u>-</u>	<u>561,086</u>
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents. . . . .	-	308,545	308,545
Total noncurrent assets . . . . .	<u>-</u>	<u>308,545</u>	<u>308,545</u>
Total assets . . . . .	<u>561,086</u>	<u>308,545</u>	<u>869,631</u>
<b>Liabilities:</b>			
Current liabilities:			
Current liabilities payable from restricted assets:			
Refundable deposit . . . . .	-	308,545	308,545
Total liabilities . . . . .	<u>-</u>	<u>308,545</u>	<u>308,545</u>
<b>Net assets:</b>			
Unrestricted. . . . .	<u>561,086</u>	<u>-</u>	<u>561,086</u>
Total net assets . . . . .	<u>\$ 561,086</u>	<u>\$ -</u>	<u>\$ 561,086</u>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
**NONMAJOR ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Refuse</u>	<u>Utility Deposit</u>	<u>Totals</u>
<b>Operating revenues:</b>			
Charges for services. . . . .	\$ 766,697	\$ -	\$ 766,697
Total operating revenues. . . . .	<u>766,697</u>	<u>-</u>	<u>766,697</u>
<b>Operating expenses:</b>			
Utilities . . . . .	<u>725,206</u>	<u>-</u>	<u>725,206</u>
Total operating expenses. . . . .	<u>725,206</u>	<u>-</u>	<u>725,206</u>
Operating income/change in net assets. . . . .	41,491	-	41,491
<b>Net assets at beginning of year. . . . .</b>	<u>519,595</u>	<u>-</u>	<u>519,595</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 561,086</u>	<u>\$ -</u>	<u>\$ 561,086</u>

**CITY OF DEFIANCE, OHIO**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Refuse</b>	<b>Utility Deposit</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>			
Cash received from charges for services . . . . .	\$ 755,978	\$ 28,000	\$ 783,978
Cash payments for utilities . . . . .	(725,206)	-	(725,206)
Cash payments for other operations . . . . .	-	(4,500)	(4,500)
Net cash provided by operating activities . . . . .	30,772	23,500	54,272
Net increase in cash and cash equivalents . . . . .	30,772	23,500	54,272
<b>Cash and cash equivalents at beginning of year. . . . .</b>	<b>474,930</b>	<b>285,045</b>	<b>759,975</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 505,702</b>	<b>\$ 308,545</b>	<b>\$ 814,247</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income. . . . .	\$ 41,491	\$ -	\$ 41,491
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable. . . . .	(10,719)	-	(10,719)
Increase in utility deposits payable. . . . .	-	23,500	23,500
Net cash provided by operating activities . . . . .	\$ 30,772	\$ 23,500	\$ 54,272



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**REFUSE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 700,000	\$ 700,000	\$ 755,978	\$ 55,978
Total operating revenues . . . . .	<u>700,000</u>	<u>700,000</u>	<u>755,978</u>	<u>55,978</u>
<b>Operating expenses:</b>				
Utilities . . . . .	734,000	734,000	733,288	712
Total operating expenses . . . . .	<u>734,000</u>	<u>734,000</u>	<u>733,288</u>	<u>712</u>
Net change in fund equity . . . . .	(34,000)	(34,000)	22,690	56,690
<b>Fund equity at beginning of year . . . . .</b>	<u>474,930</u>	<u>474,930</u>	<u>474,930</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 440,930</u>	<u>\$ 440,930</u>	<u>\$ 497,620</u>	<u>\$ 56,690</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**UTILITY DEPOSIT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 30,000	\$ 30,000	\$ 28,000	\$ (2,000)
Total operating revenues . . . . .	<u>30,000</u>	<u>30,000</u>	<u>28,000</u>	<u>(2,000)</u>
<b>Operating expenses:</b>				
Utilities . . . . .	30,000	30,000	4,500	25,500
Total operating expenses . . . . .	<u>30,000</u>	<u>30,000</u>	<u>4,500</u>	<u>25,500</u>
Net change in fund equity . . . . .	-	-	23,500	23,500
<b>Fund equity at beginning of year . . . . .</b>	<u>285,045</u>	<u>285,045</u>	<u>285,045</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 285,045</u>	<u>\$ 285,045</u>	<u>\$ 308,545</u>	<u>\$ 23,500</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HEALTH CARE TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 1,911,375	\$ 1,911,375	\$ 1,856,267	\$ (55,108)
Total operating revenues. . . . .	<u>1,911,375</u>	<u>1,911,375</u>	<u>1,856,267</u>	<u>(55,108)</u>
<b>Operating expenses:</b>				
Claims . . . . .	1,991,901	1,991,901	1,864,639	127,262
Total operating expenses. . . . .	<u>1,991,901</u>	<u>1,991,901</u>	<u>1,864,639</u>	<u>127,262</u>
Excess of expenditures over revenues . . . .	<u>(80,526)</u>	<u>(80,526)</u>	<u>(8,372)</u>	<u>72,154</u>
<b>Other financing sources:</b>				
Interest revenue . . . . .	625	625	607	(18)
Total other financing sources. . . . .	<u>625</u>	<u>625</u>	<u>607</u>	<u>(18)</u>
Net change in fund equity. . . . .	(79,901)	(79,901)	(7,765)	72,136
<b>Fund equity at beginning of year . . . . .</b>	413,520	413,520	413,520	-
<b>Prior year encumbrances appropriated. .</b>	<u>11,901</u>	<u>11,901</u>	<u>11,901</u>	<u>-</u>
<b>Fund equity at end of year. . . . .</b>	<u>\$ 345,520</u>	<u>\$ 345,520</u>	<u>\$ 417,656</u>	<u>\$ 72,136</u>

**CITY OF DEFIANCE, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTION - FIDUCIARY FUND**

Fiduciary funds are used to account for assets held by the City in a trustee capacity, or as an agency for individuals, private organizations, other governments and/or funds. The following are the City's fiduciary fund types:

**Agency Fund**

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results. The following is the City's agency fund.

***Municipal Court Fund***

To account for assets received and disbursed by the Municipal Court as an agent or custodian related to various court matters and cases.

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
**AGENCY FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

<b>Municipal Court Fund</b>	<b>Beginning Balance 12/31/2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/2010</b>
<b>Assets:</b>				
Cash in segregated accounts . . . . .	\$ 8,078	\$ 4,983	\$ -	\$ 13,061
Total assets . . . . .	<u>\$ 8,078</u>	<u>\$ 4,983</u>	<u>\$ -</u>	<u>\$ 13,061</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 8,078	\$ 4,983	\$ -	\$ 13,061
Total liabilities . . . . .	<u>\$ 8,078</u>	<u>\$ 4,983</u>	<u>\$ -</u>	<u>\$ 13,061</u>

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## STATISTICAL SECTION

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**CITY OF DEFIANCE, OHIO**  
**STATISTICAL SECTION**

The Statistical Section presents detailed information as a context for understanding what the information in the preceding sections says about the City's overall financial health. It differs from the financial statements in that it usually covers more than one year and may present non-accounting data. For this reason, the Statistical Section is unaudited.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the City's annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules 1 and 2, which present government-wide information on an accrual basis, include information beginning in that year.

**CITY OF DEFIANCE, OHIO**

SCHEDULE 1  
NET ASSETS BY COMPONENT  
LAST EIGHT YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 13,848,663	\$ 14,665,319	\$ 14,021,819	\$ 13,799,408
Restricted for:				
Capital projects	1,237,297	1,180,352	1,392,724	967,504
Debt service	1,362,820	1,188,099	1,212,716	1,194,515
Economic development projects	2,031,638	1,950,777	1,921,779	1,826,439
Transportation projects	541,136	632,776	745,459	706,547
Safety projects	627,893	583,247	492,417	400,250
Special projects	333,266	498,582	621,966	551,384
Community environment projects	23,804	27,686	125,358	130,221
Health projects	5,367	6,169	7,718	19,564
Parks and recreation projects	38,295	34,995	34,995	34,995
Other purposes	188,807	245,406	195,598	166,967
Unrestricted	<u>2,229,975</u>	<u>2,597,515</u>	<u>3,940,429</u>	<u>4,826,514</u>
Total governmental activities net assets	<u>22,468,961</u>	<u>23,610,923</u>	<u>24,712,978</u>	<u>24,624,308</u>
<b>Business-type Activities</b>				
Invested in capital assets, net of related debt	15,279,312	15,197,096	12,651,704	11,696,962
Unrestricted	<u>5,493,597</u>	<u>2,742,655</u>	<u>3,787,353</u>	<u>3,571,350</u>
Total business-type activities net assets	<u>20,772,909</u>	<u>17,939,751</u>	<u>16,439,057</u>	<u>15,268,312</u>
<b>Total Primary Government</b>				
Invested in capital assets, net of related debt	29,127,975	29,862,415	26,673,523	25,496,370
Restricted	6,390,323	6,348,089	6,750,730	5,998,386
Unrestricted	<u>7,723,572</u>	<u>5,340,170</u>	<u>7,727,782</u>	<u>8,397,864</u>
Total primary government net assets	<u>\$ 43,241,870</u>	<u>\$ 41,550,674</u>	<u>\$ 41,152,035</u>	<u>\$ 39,892,620</u>

**Note:** Accrual-basis financial information for the municipal government as a whole is available back to 2003 only, the year GASB Statement No. 34 was implemented.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 13,549,449	\$ 12,348,500	\$ 2,968,656	\$ 3,306,273
836,427	535,747	633,866	894,284
1,210,403	1,188,950	1,221,999	1,212,839
1,575,853	-	-	-
601,417	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,885,332	2,803,022	2,500,772	2,166,227
3,938,352	4,259,774	4,259,704	2,086,067
<u>23,597,233</u>	<u>21,135,993</u>	<u>11,584,997</u>	<u>9,665,690</u>
9,780,309	7,214,254	14,168,848	12,512,562
4,651,099	5,131,920	3,095,331	3,918,639
<u>14,431,408</u>	<u>12,346,174</u>	<u>17,264,179</u>	<u>16,431,201</u>
23,329,758	19,562,754	17,137,504	15,818,835
6,109,432	4,527,719	4,356,637	4,273,350
8,589,451	9,391,694	7,355,035	6,004,706
<u>\$ 38,028,641</u>	<u>\$ 33,482,167</u>	<u>\$ 28,849,176</u>	<u>\$ 26,096,891</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 2  
CHANGES IN NET ASSETS  
LAST EIGHT YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Program Revenues:</b>				
Governmental activities				
Charges for services:				
General government	\$ 289,696	\$ 378,315	\$ 395,715	\$ 464,448
Security of persons and property	1,343,214	1,171,103	1,247,379	1,180,003
Public health and welfare	72,449	41,521	58,774	66,705
Community environment	103,689	95,422	175,633	179,334
Leisure time activities	25,835	21,246	25,162	37,141
Economic Development	290	253	493	290
Operating grants and contributions	1,685,214	1,644,771	1,331,141	1,409,456
Capital grants and contributions	497,525	322,650	171,030	201,996
Total governmental activities program revenues	<u>4,017,912</u>	<u>3,675,281</u>	<u>3,405,327</u>	<u>3,539,373</u>
Business-type activities:				
Charges for services:				
Water	4,842,869	4,194,197	4,090,704	4,020,403
Sewer	5,279,085	4,690,081	4,301,484	4,158,792
Refuse	766,697	726,603	764,881	671,841
Operating grants and contributions	-	-	-	23,077
Capital grants and contributions	2,228,539	14,354	313,087	-
Total business-type activities program revenues	<u>13,117,190</u>	<u>9,625,235</u>	<u>9,470,156</u>	<u>8,874,113</u>
Total primary government	<u><u>17,135,102</u></u>	<u><u>13,300,516</u></u>	<u><u>12,875,483</u></u>	<u><u>12,413,486</u></u>
<b>Expenses:</b>				
Governmental Activities				
General government	3,429,558	3,405,877	2,700,947	3,438,927
Security of persons and property	6,043,793	5,727,001	5,718,266	5,559,839
Public health and welfare	224,256	207,391	288,007	253,008
Transportation	2,533,251	1,798,226	2,463,188	2,149,203
Community environment	556,280	522,191	586,847	523,893
Leisure time activities	740,699	697,284	995,983	961,329
Economic development	381,070	834,468	84,009	275,686
Other	-	15,700	4,913	4,908
Interest and fiscal charges	77,825	41,344	29,296	48,348
Total governmental activities expenses	<u>13,986,732</u>	<u>13,249,482</u>	<u>12,871,456</u>	<u>13,215,141</u>
Business-type activities:				
Water	4,224,602	4,196,427	4,282,755	3,827,063
Sewer	6,192,897	3,971,144	3,993,639	4,193,689
Refuse	725,206	680,242	726,933	630,422
Total business-type activities expenses	<u>11,142,705</u>	<u>8,847,813</u>	<u>9,003,327</u>	<u>8,651,174</u>
Total primary government program expenses	<u><u>\$ 25,129,437</u></u>	<u><u>\$ 22,097,295</u></u>	<u><u>\$ 21,874,783</u></u>	<u><u>\$ 21,866,315</u></u>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (9,968,820)	\$ (9,574,201)	\$ (9,466,129)	\$ (9,675,768)
Business-type activities	1,974,485	777,422	466,829	222,939
Total primary government net expense	<u><u>(7,994,335)</u></u>	<u><u>(8,796,779)</u></u>	<u><u>(8,999,300)</u></u>	<u><u>(9,452,829)</u></u>

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 619,931	\$ 561,760	\$ 516,566	\$ 301,901
1,186,602	1,082,726	927,719	1,129,641
53,899	65,541	68,991	26,448
233,028	318,884	129,380	148,489
32,086	26,613	16,645	45,641
65,886	4,683	29,929	4,554
1,697,228	1,276,237	1,193,356	1,165,264
-	-	-	20,871
<u>3,888,660</u>	<u>3,336,444</u>	<u>2,882,586</u>	<u>2,842,809</u>
3,600,821	3,523,194	3,586,124	3,400,764
3,731,030	3,381,425	3,413,778	3,658,131
661,607	610,256	593,051	572,514
326,154	454,589	255,064	-
-	-	-	312,900
<u>8,319,612</u>	<u>7,969,464</u>	<u>7,848,017</u>	<u>7,944,309</u>
<u>12,208,272</u>	<u>11,305,908</u>	<u>10,730,603</u>	<u>10,787,118</u>
2,493,160	3,000,979	2,490,843	2,379,094
5,118,991	4,576,342	4,993,929	4,743,623
213,337	243,875	316,518	235,403
1,556,748	2,122,467	1,087,018	887,323
424,583	403,071	440,540	429,946
897,522	825,764	1,020,436	806,178
274,914	423,379	112,177	38,851
4,732	6,460	60,101	10,703
79,072	127,845	76,890	72,507
<u>11,063,059</u>	<u>11,730,182</u>	<u>10,598,452</u>	<u>9,603,628</u>
3,830,920	3,700,775	3,486,248	3,515,971
3,178,453	3,482,750	4,112,246	3,637,857
608,056	543,180	543,170	535,534
<u>7,617,429</u>	<u>7,726,705</u>	<u>8,141,664</u>	<u>7,689,362</u>
<u>\$ 18,680,488</u>	<u>\$ 19,456,887</u>	<u>\$ 18,740,116</u>	<u>\$ 17,292,990</u>
\$ (7,174,399)	\$ (8,393,738)	\$ (7,715,866)	\$ (6,760,819)
702,183	242,759	(293,647)	254,947
<u>(6,472,216)</u>	<u>(8,150,979)</u>	<u>(8,009,513)</u>	<u>(6,505,872)</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 2  
 CHANGES IN NET ASSETS (CONTINUED)  
 LAST EIGHT YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Income taxes levied for:				
General purposes	5,458,481	5,227,106	5,933,088	6,502,751
Special purposes	23,236	21,395	25,248	27,315
Capital purposes	1,394,167	1,283,680	1,514,902	1,638,902
Property taxes levied for:				
General purposes	543,275	525,405	602,325	664,808
Special purposes	334,523	305,992	340,946	363,825
Grants and entitlements not restricted				
to specific programs	1,024,894	909,503	1,089,930	949,213
Investment earnings	13,353	22,217	155,049	404,382
Payment in lieu of taxes	82,943	83,895	-	-
Miscellaneous	540,547	99,418	231,871	208,359
Transfers	(588,561)	(6,465)	(338,560)	(56,712)
Special item: gain on sale of capital assets	-	-	-	-
Extraordinary item: reimb. of insurance claims	-	-	-	-
Total governmental activities	<u>8,826,858</u>	<u>8,472,146</u>	<u>9,554,799</u>	<u>10,702,843</u>
Business-type activities				
Investment earnings	5,659	9,888	69,086	229,311
Miscellaneous	264,453	269,208	296,270	327,942
Transfers	588,561	6,465	338,560	56,712
Special item - forgiveness of loan	-	437,711	-	-
Total business-type activities	<u>858,673</u>	<u>723,272</u>	<u>703,916</u>	<u>613,965</u>
Total primary government	<u>9,685,531</u>	<u>9,195,418</u>	<u>10,258,715</u>	<u>11,316,808</u>
<b>Change in Net Assets</b>				
Governmental activities	(1,141,962)	(1,102,055)	88,670	1,027,075
Business-type activities	2,833,158	1,500,694	1,170,745	836,904
Total primary government	<u>\$ 1,691,196</u>	<u>\$ 398,639</u>	<u>\$ 1,259,415</u>	<u>\$ 1,863,979</u>

**Note:** Accrual-basis financial information for the municipal government as a whole is only available back to 2003, the year GASB Statement No. 34 was implemented.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
5,924,313	4,890,763	4,634,548	4,331,820
25,099	23,490	21,007	24,050
1,505,961	1,409,361	1,397,350	1,306,077
585,649	580,184	560,638	549,548
349,160	274,958	316,772	304,959
1,124,495	761,789	846,451	691,903
346,052	190,327	85,767	74,251
-	-	-	-
380,086	615,868	353,772	439,148
(605,176)	-	(1,026,313)	-
-	-	1,983,137	190,774
-	-	260,683	-
<u>9,635,639</u>	<u>8,746,740</u>	<u>9,433,812</u>	<u>7,912,530</u>
196,364	107,930	34,491	38,817
31,901	46,875	65,821	362,350
605,176	-	1,026,313	-
-	-	-	-
<u>833,441</u>	<u>154,805</u>	<u>1,126,625</u>	<u>401,167</u>
<u>10,469,080</u>	<u>8,901,545</u>	<u>10,560,437</u>	<u>8,313,697</u>
2,461,240	353,002	1,717,946	1,151,711
1,535,624	397,564	832,978	656,114
<u>\$ 3,996,864</u>	<u>\$ 750,566</u>	<u>\$ 2,550,924</u>	<u>\$ 1,807,825</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 3  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>General Fund</b>				
Reserved	\$ 190,796	\$ 298,434	\$ 571,452	\$ 524,398
Unreserved	<u>1,573,664</u>	<u>2,044,712</u>	<u>3,019,128</u>	<u>3,871,519</u>
Total general fund	<u>1,764,460</u>	<u>2,343,146</u>	<u>3,590,580</u>	<u>4,395,917</u>
<b>All Other Governmental Funds</b>				
Reserved	2,959,329	5,866,656	3,707,457	3,003,392
Unreserved (deficit), reported in:				
Special revenue funds	1,917,162	2,133,103	2,012,299	2,174,078
Debt service funds	-	-	-	-
Capital projects funds	<u>(3,128,520)</u>	<u>(3,148,530)</u>	<u>442,761</u>	<u>326,347</u>
Total all other governmental funds	<u>1,747,971</u>	<u>4,851,229</u>	<u>6,162,517</u>	<u>5,503,817</u>
Total governmental funds	<u>\$ 3,512,431</u>	<u>\$ 7,194,375</u>	<u>\$ 9,753,097</u>	<u>\$ 9,899,734</u>



<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 523,571	\$ 469,007	\$ 600,870	\$ 603,947	\$ 608,775	\$ 793,806
<u>3,315,057</u>	<u>2,355,690</u>	<u>1,325,598</u>	<u>764,714</u>	<u>710,621</u>	<u>1,414,076</u>
<u>3,838,628</u>	<u>2,824,697</u>	<u>1,926,468</u>	<u>1,368,661</u>	<u>1,319,396</u>	<u>2,207,882</u>
2,533,157	2,076,762	1,990,605	2,153,512	2,147,800	2,043,719
2,437,600	1,793,615	1,226,565	958,607	871,958	1,472,051
-	-	-	586,530	-	-
<u>515,373</u>	<u>43,225</u>	<u>381,076</u>	<u>(221,660)</u>	<u>460,398</u>	<u>494,340</u>
<u>5,486,130</u>	<u>3,913,602</u>	<u>3,598,246</u>	<u>3,476,989</u>	<u>3,480,156</u>	<u>4,010,110</u>
<u>\$ 9,324,758</u>	<u>\$ 6,738,299</u>	<u>\$ 5,524,714</u>	<u>\$ 4,845,650</u>	<u>\$ 4,799,552</u>	<u>\$ 6,217,992</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 4  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>				
Income taxes	\$ 6,709,254	\$ 6,574,354	\$ 7,392,483	\$ 8,144,681
Property and other local taxes	882,023	833,037	941,651	990,413
Charges for services	695,129	571,591	583,007	610,410
Licenses, permits and fees	307,950	283,514	362,524	411,195
Fines and forfeitures	838,380	857,055	957,625	906,316
Intergovernmental	2,969,152	2,835,054	2,306,703	2,331,185
Special assessments	88,403	111,684	128,763	128,306
Investment earnings	76,653	86,723	223,765	463,182
Donations	31,167	12,050	22,504	92,831
Payments in lieu of taxes	82,943	83,895	-	-
Other	518,328	99,418	231,871	209,200
Total revenues	<u>13,199,382</u>	<u>12,348,375</u>	<u>13,150,896</u>	<u>14,287,719</u>
<b>Expenditures</b>				
Current:				
General government	3,204,581	3,326,526	2,608,253	3,310,360
Security of persons and property	5,633,172	5,494,652	5,565,046	5,168,495
Public health and welfare	209,367	195,960	256,613	237,907
Transportation	1,286,092	944,909	924,908	925,825
Community environment	530,248	501,339	577,079	489,268
Leisure time activities	542,834	565,067	744,411	783,809
Economic development and assistance	381,070	834,468	84,009	275,686
Other	-	15,700	4,913	4,908
Intergovernmental	-	-	-	-
Capital outlay	4,904,016	2,885,875	2,363,794	1,914,186
Bad debt expense	-	-	-	-
Debt service				
Principal retirement	104,703	107,723	132,368	551,951
Interest and fiscal charges	78,407	41,913	30,026	49,224
Total expenditures	<u>16,874,490</u>	<u>14,914,132</u>	<u>13,291,420</u>	<u>13,711,619</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(3,675,108)</u>	<u>(2,565,757)</u>	<u>(140,524)</u>	<u>576,100</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of notes	-	-	-	-
Premium on notes issued	-	-	-	186
Capital lease transaction	-	-	-	4,471
Transfers in	671,356	456,000	1,108,237	395,000
Transfers out	(678,192)	(462,465)	(1,114,350)	(400,781)
Sale of capital assets	-	13,500	-	-
Total other financing sources (uses)	<u>(6,836)</u>	<u>7,035</u>	<u>(6,113)</u>	<u>(1,124)</u>
<b>Extraordinary item:</b>				
Reimbursement of insurance claims	-	-	-	-
Net change in fund balances	<u>\$ (3,681,944)</u>	<u>\$ (2,558,722)</u>	<u>\$ (146,637)</u>	<u>\$ 574,976</u>
Capital expenditures	\$ 3,863,981	\$ 2,570,136	\$ 1,123,330	\$ 942,062
Debt service as a percentage of noncapital expenditures	1.41%	1.21%	1.33%	4.71%

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$	7,514,929	\$ 6,428,760	\$ 5,944,049	\$ 5,567,280	\$ 5,565,034	\$ 5,274,691
	973,459	826,498	878,004	833,007	804,495	794,308
	814,599	839,657	643,479	587,681	375,390	360,509
	530,437	463,353	271,463	284,297	239,000	241,165
	846,396	757,197	738,594	784,696	796,792	751,074
	2,689,369	1,942,831	2,111,344	1,835,962	1,969,559	2,016,557
	128,820	146,712	137,942	135,015	152,945	109,124
	329,191	178,880	84,064	73,562	125,238	327,424
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>380,086</u>	<u>615,868</u>	<u>353,772</u>	<u>439,148</u>	<u>493,063</u>	<u>293,885</u>
	<u>14,207,286</u>	<u>12,199,756</u>	<u>11,162,711</u>	<u>10,540,648</u>	<u>10,521,516</u>	<u>10,168,737</u>
	2,402,010	2,899,234	2,266,688	2,276,000	2,484,258	2,946,574
	4,796,241	4,192,094	4,543,285	4,431,232	4,816,465	4,282,385
	159,148	148,132	136,487	139,110	212,237	195,748
	742,619	766,292	769,930	698,651	717,482	681,711
	392,490	352,314	338,152	382,559	567,177	587,162
	647,025	556,414	509,370	475,334	569,347	572,260
	274,914	423,379	112,177	38,851	63,290	92,721
	4,732	6,460	55,125	5,000	-	-
	-	-	6,129	5,703	-	-
	2,475,899	2,128,733	2,518,693	2,100,825	2,024,174	1,998,157
	-	-	-	-	257,461	-
	836,795	862,967	861,967	859,355	853,967	851,967
	91,505	122,152	77,494	75,577	93,432	119,624
	<u>12,823,378</u>	<u>12,458,171</u>	<u>12,195,497</u>	<u>11,488,197</u>	<u>12,659,290</u>	<u>12,328,309</u>
	<u>1,383,908</u>	<u>(258,415)</u>	<u>(1,032,786)</u>	<u>(947,549)</u>	<u>(2,137,774)</u>	<u>(2,159,572)</u>
	435,000	722,000	760,000	760,000	762,388	762,000
	122	-	1,153	2,471	-	-
	17,429	-	-	-	-	-
	494,000	409,765	418,694	670,612	918,049	451,704
	(494,000)	(409,765)	(418,694)	(670,612)	(918,049)	(451,704)
	<u>750,000</u>	<u>750,000</u>	<u>690,014</u>	<u>203,626</u>	<u>-</u>	<u>-</u>
	<u>1,202,551</u>	<u>1,472,000</u>	<u>1,451,167</u>	<u>966,097</u>	<u>762,388</u>	<u>762,000</u>
	-	-	260,683	-	-	-
\$	<u>2,586,459</u>	<u>1,213,585</u>	<u>679,064</u>	<u>18,548</u>	<u>(1,375,386)</u>	<u>(1,397,572)</u>
\$	1,183,018	\$ 788,101	\$ 93,105	\$ 1,336,374	\$ 617,591	\$ 1,486,250
	7.97%	8.44%	7.76%	9.21%	7.87%	8.96%

**CITY OF DEFIANCE, OHIO**

SCHEDULE 5  
 INCOME TAX REVENUES BY SOURCE  
 LAST TEN YEARS  
 (CASH-BASIS)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Income Tax Rate</b>	1.50%	1.50%	1.50%	1.50%
<b>Income Tax Receipts</b>				
Employee Withholding	\$ 5,374,407	\$ 5,245,581	\$ 5,861,752	\$ 6,356,243
% of total	80.8%	79.6%	78.1%	76.2%
Corporate	825,523	880,991	1,163,740	1,457,108
% of total	12.4%	13.4%	15.5%	17.5%
Individuals	451,815	462,826	476,250	529,900
% of total	6.8%	7.0%	6.3%	6.4%
<b>Total income tax receipts</b>	<u>\$ 6,651,745</u>	<u>\$ 6,589,398</u>	<u>\$ 7,501,742</u>	<u>\$ 8,343,251</u>

**Source:** City of Defiance Income Tax Division

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
1.50%	1.50%	1.30%	1.30%	1.30%	1.30%
\$ 6,475,804 80.3%	\$ 4,980,724 79.0%	\$ 4,640,931 79.6%	\$ 4,559,615 83.3%	\$ 4,511,692 81.8%	\$ 4,436,370 83.1%
1,130,513 14.0%	934,303 14.8%	786,767 13.5%	531,118 9.7%	647,235 11.7%	533,187 10.0%
457,548 5.7%	386,924 6.1%	401,586 6.9%	382,500 7.0%	358,082 6.5%	370,215 6.9%
<u>\$ 8,063,865</u>	<u>\$ 6,301,951</u>	<u>\$ 5,829,284</u>	<u>\$ 5,473,233</u>	<u>\$ 5,517,009</u>	<u>\$ 5,339,772</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 6  
 INCOME TAX RATES AND ALLOCATION BY FUND  
 LAST TEN YEARS  
 (CASH BASIS)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Tax Rate Components:</b>				
General operations	1.195%	1.195%	1.195%	1.195%
Capital improvements	0.3%	0.3%	0.3%	0.3%
Street maintenance	0.005%	0.005%	0.005%	0.005%
Total income tax rate	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
<b>Allocation of Receipts:</b>				
General Fund	5,298,498	5,249,553	5,976,388	6,646,790
% of total	79.7%	79.7%	79.7%	79.7%
Capital Fund	1,331,064	1,317,880	1,500,348	1,668,650
% of total	20.0%	20.0%	20.0%	20.0%
SCMR Fund (Streets)	22,184	21,965	25,006	27,811
% of total	0.3%	0.3%	0.3%	0.3%
Total income tax allocated	<u>\$ 6,651,745</u>	<u>\$ 6,589,398</u>	<u>\$ 7,501,742</u>	<u>\$ 8,343,251</u>

**Note:** Section 181.01 of the Codified Ordinances of the City of Defiance sets the current income tax rate as follows:

One-half percent (0.5%) for the purposes of general municipal operation, replacement of equipment and the extension, enlargement and improvement of municipal services and facilities for the City. This portion is allocated to the General Fund.

One-half percent (0.5%) to provide funds for the purpose of making capital improvements, improving streets, storm sewers and present recreational facilities, and general improvement of municipal services and facilities for the City. Per Section 181.25, ninety-nine percent of this portion of the tax (0.495%) is allocated to general municipal operations, and one percent of this portion of the tax (0.005%) is allocated to the Street Construction, Maintenance and Repair Fund (SCMR).

Three-tenths percent (0.3%) to provide funds for the purpose of making capital improvements only. This portion is allocated to the Capital Fund.

Two-tenths percent (0.2%) to provide funds for the purpose of operation of all departments and divisions supported through the General Fund. This portion of the tax became effective June, 2005.

**Source:** City of Defiance Income Tax Division

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
1.195%	1.195%	0.995%	0.995%	0.995%	0.995%
0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
<u>1.50%</u>	<u>1.50%</u>	<u>1.30%</u>	<u>1.30%</u>	<u>1.30%</u>	<u>1.30%</u>
6,424,212	5,020,554	4,461,645	4,189,128	4,222,634	4,086,979
79.7%	79.7%	76.5%	76.5%	76.5%	76.5%
1,612,773	1,260,390	1,345,219	1,263,054	1,273,156	1,232,255
20.0%	20.0%	23.1%	23.1%	23.1%	23.1%
26,880	21,007	22,420	21,051	21,219	20,538
0.3%	0.3%	0.4%	0.4%	0.4%	0.4%
<u>\$ 8,063,865</u>	<u>\$ 6,301,951</u>	<u>\$ 5,829,284</u>	<u>\$ 5,473,233</u>	<u>\$ 5,517,009</u>	<u>\$ 5,339,772</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 7  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Governmental Activities</b>				
General obligation bonds payable	\$ 40,000	\$ 80,000	\$ 120,000	\$ 160,000
Special assessment bonds payable	106,815	166,358	229,316	317,284
Bond anticipation notes	4,650,000	4,800,000	-	225,000
Capital lease obligation	1,765	6,925	11,690	16,090
<b>Business-type Activities</b>				
General obligation bonds payable	8,595,000	9,135,000	9,660,000	10,155,000
Special assessment bonds payable	94,182	101,018	107,483	113,596
Bond anticipation notes	5,420,000	4,347,000	4,774,000	4,819,000
OWDA loans payable	32,714,041	29,051,352	22,892,250	16,026,896
OWPC loans payable	530,737	607,863	683,429	757,486
Capital lease obligation	-	3,041	9,257	14,996
Total primary government	<u>52,152,540</u>	<u>48,298,557</u>	<u>38,487,425</u>	<u>32,605,348</u>
<b>Debt per capita</b>				
City Population <sup>1</sup>	16,494	16,012	16,046	16,039
Outstanding debt per capita	\$3,162	\$3,016	\$2,399	\$2,033
<b>Debt as percentage of personal income</b>				
Personal income <sup>2</sup>	521,903,148	506,651,704	517,740,236	513,809,365
Percentage of personal income	9.99%	9.53%	7.43%	6.35%
<b>Business-type debt per customer</b>				
# of customers <sup>3</sup>	6,607	6,679	6,669	6,672
Outstanding debt per utility customer	\$7,167	\$6,475	\$5,717	\$4,779

**Notes:**

<sup>2</sup>2010 personal income is estimated based on 2009 per capita income.

**Sources:**

<sup>1</sup>U.S. Census Bureau

<sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis

<sup>3</sup>City of Defiance Utility Billing Office



<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 195,000	\$ 230,000	\$ 260,000	\$ 290,000	\$ 315,000	\$ 340,000
395,252	473,220	546,187	618,154	690,121	757,088
435,000	1,357,000	1,595,000	1,595,000	762,388	762,000
15,602	-	-	-	-	-
10,750,000	11,205,000	11,625,000	12,000,000	12,495,000	12,975,000
119,377	124,844	130,013	134,901	139,523	143,894
3,850,000	4,101,100	1,465,000	1,924,000	2,281,140	2,434,407
10,094,686	11,372,326	12,145,142	12,873,756	13,560,900	14,209,132
830,084	918,595	988,105	1,056,313	1,123,263	1,188,997
20,296	25,189	-	-	-	-
<u>26,705,297</u>	<u>29,807,274</u>	<u>28,754,447</u>	<u>30,492,124</u>	<u>31,367,335</u>	<u>32,810,518</u>
16,062	15,597	16,101	16,230	16,367	16,517
\$1,663	\$1,911	\$1,786	\$1,879	\$1,916	\$1,986
494,918,406	457,350,831	466,107,849	465,947,070	442,563,680	434,397,100
5.40%	6.52%	6.17%	6.54%	7.09%	7.55%
6,663	6,574	6,547	6,507	6,466	6,452
\$3,852	\$4,221	\$4,025	\$4,301	\$4,578	\$4,797

**CITY OF DEFIANCE, OHIO**

SCHEDULE 8  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Population<sup>1</sup></b>	16,494	16,012	16,046	16,039
<b>Assessed Value<sup>2</sup></b>	\$ 277,601,850	\$ 280,232,950	\$ 273,787,050	\$ 315,867,640
<b>General Bonded Debt</b>				
General Obligation Bonds	\$ 8,635,000	\$ 9,215,000	\$ 9,780,000	\$ 10,315,000
<b>Ratio of Net Bonded Debt to Assessed Value</b>	3.11%	3.29%	3.57%	3.27%
<b>Net Bonded Debt per Capita</b>	\$524	\$576	\$609	\$643

**Sources:**

<sup>1</sup>U.S. Census Bureau

<sup>2</sup>Defiance County Auditor

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	16,062	15,597	16,101	16,230	16,367	16,517
\$	287,907,512	\$ 299,215,453	\$ 272,562,553	\$ 269,777,984	\$ 271,897,510	\$ 250,197,380
\$	10,945,000	\$ 11,435,000	\$ 11,885,000	\$ 12,290,000	\$ 12,810,000	\$ 13,315,000
	3.80%	3.82%	4.36%	4.56%	4.71%	5.32%
	\$681	\$733	\$738	\$757	\$783	\$806

**CITY OF DEFIANCE, OHIO**

SCHEDULE 9  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF DECEMBER 31, 2010

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
<b>Direct - City of Defiance</b>	\$ 40,000	100.00%	\$ 40,000
<b>Overlapping debt:</b>			
Defiance County	3,860,000	38.79%	1,497,294
Defiance City School District	9,105,000	84.15%	7,661,858
Northeastern Local School District	4,554,412	28.30%	1,288,899
	<u>17,519,412</u>		<u>10,448,051</u>
Total direct and overlapping debt	<u>\$ 17,559,412</u>		<u>\$ 10,488,051</u>

**Source:** Ohio Municipal Advisory Council. Excludes special assessment and self-supporting debt.

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**CITY OF DEFIANCE, OHIO**

SCHEDULE 10  
LEGAL DEBT MARGIN  
LAST TEN YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Total Assessed Property Value</b>	\$ 277,601,850	\$ 280,232,950	\$ 273,787,050	\$ 315,867,640
<b>Overall Legal Debt Limit</b> (10 1/2 % of assessed valuation)	29,148,194	29,424,460	28,747,640	33,166,102
Debt outstanding				
General obligation bonds payable	8,635,000	9,215,000	9,780,000	10,315,000
Special assessment bonds payable	200,997	267,376	336,799	430,880
Bond anticipation notes	10,070,000	9,147,000	4,774,000	5,044,000
OWDA loans payable	32,714,041	29,051,352	22,892,250	16,026,896
OWPC loans payable	530,737	607,863	683,429	757,486
Total gross indebtedness	<u>52,150,775</u>	<u>48,288,591</u>	<u>38,466,478</u>	<u>32,574,262</u>
Less <sup>1</sup> :				
General obligation bonds payable	8,595,000	9,135,000	9,660,000	10,155,000
Special assessment bonds payable	200,997	267,376	336,799	430,880
Bond anticipation notes	10,070,000	9,147,000	4,774,000	5,044,000
OWDA loans payable	32,714,041	29,051,352	22,892,250	16,026,896
OWPC loans payable	530,737	607,863	683,429	757,486
Total net debt applicable to debt limit	<u>40,000</u>	<u>80,000</u>	<u>120,000</u>	<u>160,000</u>
Legal debt margin within 10 1/2 % limitation	\$ 29,108,194	\$ 29,344,460	\$ 28,627,640	\$ 33,006,102
Legal debt margin as a percentage of the debt limit	99.86%	99.73%	99.58%	99.52%
<b>Unvoted Debt Limitation</b> (5 1/2 % of assessed valuation)	15,268,102	15,412,812	15,058,288	17,372,720
Net debt within 5 1/2 % limitation	<u>40,000</u>	<u>80,000</u>	<u>120,000</u>	<u>160,000</u>
Unvoted legal debt margin within 5 1/2 % limitation	\$ 15,228,102	\$ 15,332,812	\$ 14,938,288	\$ 17,212,720
Unvoted legal debt margin as a percentage of the unvoted debt limitation	99.74%	99.48%	99.20%	99.08%

**Note:**

<sup>1</sup>Self-supporting and enterprise debt are not considered in the calculation of Legal Debt Margin.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 287,907,512	\$ 299,215,453	\$ 272,562,553	\$ 269,777,984	\$ 271,897,510	\$ 250,197,380
<u>30,230,289</u>	<u>31,417,623</u>	<u>28,619,068</u>	<u>28,326,688</u>	<u>28,549,239</u>	<u>26,270,725</u>
10,945,000	11,435,000	11,885,000	12,290,000	12,810,000	13,315,000
514,629	598,064	676,200	753,055	829,644	900,982
4,285,000	5,458,100	3,060,000	3,519,000	3,043,528	3,196,407
10,094,686	11,372,326	12,145,142	12,873,756	13,560,900	14,209,132
830,084	918,595	988,105	1,056,313	1,123,263	1,188,997
<u>26,669,399</u>	<u>29,782,085</u>	<u>28,754,447</u>	<u>30,492,124</u>	<u>31,367,335</u>	<u>32,810,518</u>
10,750,000	11,205,000	11,625,000	12,000,000	12,495,000	12,975,000
514,629	598,064	676,200	753,055	829,644	900,982
4,285,000	5,458,100	3,060,000	3,519,000	3,043,528	3,196,407
10,094,686	11,372,326	12,145,142	12,873,756	13,560,900	14,209,132
830,084	918,595	988,105	1,056,313	1,123,263	1,188,997
<u>195,000</u>	<u>230,000</u>	<u>260,000</u>	<u>290,000</u>	<u>315,000</u>	<u>340,000</u>
\$ 30,035,289	\$ 31,187,623	\$ 28,359,068	\$ 28,036,688	\$ 28,234,239	\$ 25,930,725
99.35%	99.27%	99.09%	98.98%	98.90%	98.71%
<u>15,834,913</u>	<u>16,456,850</u>	<u>14,990,940</u>	<u>14,837,789</u>	<u>14,954,363</u>	<u>13,760,856</u>
<u>195,000</u>	<u>230,000</u>	<u>260,000</u>	<u>290,000</u>	<u>315,000</u>	<u>340,000</u>
\$ 15,639,913	\$ 16,226,850	\$ 14,730,940	\$ 14,547,789	\$ 14,639,363	\$ 13,420,856
98.77%	98.60%	98.27%	98.05%	97.89%	97.53%

**CITY OF DEFIANCE, OHIO**

SCHEDULE 11  
 PLEDGED REVENUE COVERAGE  
 LAST TEN YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>OWDA Loans - Sewer System<sup>1</sup></b>				
Gross Revenues <sup>2</sup>	\$ 5,528,935	\$ 4,950,558	\$ 4,548,444	\$ 4,407,339
Direct Operating Expenses <sup>3</sup>	<u>4,941,769</u>	<u>2,884,596</u>	<u>2,908,124</u>	<u>2,903,426</u>
Net Revenue Available for Debt Service	587,166	2,065,962	1,640,320	1,503,913
Annual Debt Service Requirement <sup>4</sup>	2,035,828	1,407,607	817,363	813,857
Coverage	0.29	1.47	2.01	1.85
<b>OWDA Loans - Water Reservoir</b>				
Gross Revenues <sup>2</sup>	\$ 4,863,131	\$ 4,196,841	\$ 4,091,465	n/a
Direct Operating Expenses <sup>3</sup>	<u>2,692,862</u>	<u>2,702,414</u>	<u>2,815,298</u>	n/a
Net Revenue Available for Debt Service	2,170,269	1,494,427	1,276,167	n/a
Annual Debt Service Requirement <sup>4</sup>	444,610	444,610	393,034	n/a
Coverage	4.88	3.36	3.25	n/a

**Notes:**

<sup>1</sup>Includes multiple Ohio Water Development Authority loans used for an ongoing multi-year combined sewer separation project.

<sup>2</sup>Revenues are derived from Sewer and Water customer user charges and include interest income.

<sup>3</sup>Operating expenses less depreciation.

<sup>4</sup>Includes only principal and interest payments associated with pledged revenue.

\*Detail prior to 2003 not available.

n/a - not applicable prior to 2008

**Source:** City of Defiance Finance Department



<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 3,731,030	\$ 3,381,425	\$ 3,413,778	\$ 3,658,131	*	*
1,888,438	2,049,144	2,026,409	2,054,015	*	*
<u>1,842,592</u>	<u>1,332,281</u>	<u>1,387,369</u>	<u>1,604,116</u>	*	*
810,601	807,576	1,205,843	839,350	*	*
2.27	1.65	1.15	1.91	*	*
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a

**CITY OF DEFIANCE, OHIO**

SCHEDULE 12  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

<u>Year</u>	<u>Population<sup>1</sup></u>	<u>Total Personal Income<sup>2</sup></u>	<u>Per Capita Personal Income<sup>2</sup></u>	<u>Public School Enrollment<sup>3</sup></u>	<u>Unemployment Rates<sup>4</sup></u>		
					<u>Defiance County</u>	<u>State of Ohio</u>	<u>United States</u>
2010	16,494	\$ 521,903,148	\$ 31,642	2,723	11.7%	10.1%	9.6%
2009	16,012	506,651,704	31,642	2,685	13.7%	10.1%	9.3%
2008	16,046	517,740,236	32,266	2,556	7.4%	6.6%	5.8%
2007	16,039	513,809,365	32,035	2,392	5.6%	5.6%	4.6%
2006	16,062	494,918,406	30,813	2,348	5.5%	5.4%	4.6%
2005	15,597	457,350,831	29,323	2,360	6.0%	5.9%	5.1%
2004	16,101	466,107,849	28,949	2,376	6.0%	6.1%	5.5%
2003	16,230	465,947,070	28,709	2,420	6.2%	6.2%	6.0%
2002	16,367	442,563,680	27,040	2,421	5.8%	5.7%	5.8%
2001	16,517	434,397,100	26,300	2,434	4.8%	4.4%	4.7%

**Sources:**

<sup>1</sup>U.S. Census Bureau

<sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis (Defiance Micropolitan Statistical Area)

<sup>3</sup>Defiance City Schools

<sup>4</sup>U.S. Department of Labor, Bureau of Labor Statistics (Annual Average)

**CITY OF DEFIANCE, OHIO**

SCHEDULE 13  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>Tax Year 2009</u>			<u>Tax Year 2000</u>		
	<u>Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Johns Manville Corporation (MFG)	711	1	3.96%	932	2	3.66%
General Motors Company (MFG) <sup>2</sup>	662	2	3.69%	993	1	3.90%
Defiance College	629	3	3.51%	607	4	2.38%
Defiance City Schools	531	4	2.96%	528	7	2.07%
Defiance Metal Products (MFG)	492	5	2.74%	530	6	2.08%
Wal Mart (RETAIL)	384	6	2.14%			
Defiance County	378	7	2.11%	517	8	2.03%
Defiance Regional Medical Center	366	8	2.04%	448	9	1.76%
Fauster-Cameron (HEALTH CARE)	318	9	1.77%			
Meijer (RETAIL)	271	10	1.51%	917	3	3.60%
K-Mart (RETAIL)				538	5	2.11%
Chief Supermarket (RETAIL)				348	10	1.37%
	<u>4,742</u>		<u>26.43%</u>	<u>6,358</u>		<u>24.96%</u>
<b>Total Employment within the City</b>	17,944			25,493		

**Notes:**

<sup>1</sup>Employee figures are based on the number of W-2 forms filed with the City Income Tax Division and do not necessarily represent full-time equivalent positions. Furthermore, rank is based on this number, and does not necessarily correspond to a ranking by gross wages or amount of employee tax withheld.

<sup>2</sup>General Motors Company is located outside the city corporation limit; the number of employees listed includes only those required to file W-2 forms with the City Income Tax Division.

**Source:** City of Defiance Income Tax Division

**CITY OF DEFIANCE, OHIO**

SCHEDULE 14  
 FULL TIME EQUIVALENT POSITIONS BY FUNCTION/DIVISION  
 LAST TEN YEARS

<u>Function/Division</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>General Government</b>										
Council*	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	13.3	13.2	12.6	12.3	12.0	12.0	13.2	12.8	12.0	12.2
Mayor	2.0	2.0	2.3	2.1	2.1	2.0	2.0	2.0	2.1	2.8
Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.6	1.1	1.1
Finance	3.8	3.9	4.0	4.0	4.0	3.0	3.0	4.0	4.0	4.0
Law	3.8	3.8	3.5	3.3	3.0	3.1	4.1	4.6	5.2	5.1
Civil Service*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Income Tax	2.0	2.0	2.0	1.1	2.0	2.0	2.0	2.0	2.0	2.0
Buildings and Land	1.6	1.6	2.1	2.1	2.0	1.8	1.0	1.1	1.5	1.1
Engineer	6.2	5.5	4.7	3.2	2.1	2.1	2.1	2.8	6.0	4.4
	<u>38.7</u>	<u>38.0</u>	<u>37.2</u>	<u>34.1</u>	<u>33.2</u>	<u>32.0</u>	<u>33.4</u>	<u>34.9</u>	<u>38.9</u>	<u>37.7</u>
<b>Security of Persons and Property</b>										
Police	32.8	32.9	32.9	33.1	31.8	29.8	35.0	35.0	36.4	36.2
Fire	32.7	35.1	36.3	35.2	33.0	32.1	34.1	37.2	40.0	39.9
	<u>65.5</u>	<u>68.0</u>	<u>69.2</u>	<u>68.3</u>	<u>64.8</u>	<u>61.9</u>	<u>69.1</u>	<u>72.2</u>	<u>76.4</u>	<u>76.1</u>
<b>Leisure Time Activities</b>										
Parks & Recreation	7.1	6.8	10.6	11.7	10.9	8.9	8.2	8.6	11.3	13.0
Cemetery	2.8	2.8	4.5	3.4	2.9	2.7	1.6	2.4	3.7	3.7
Cultural/Historian*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	<u>10.4</u>	<u>10.1</u>	<u>15.6</u>	<u>15.6</u>	<u>14.3</u>	<u>12.1</u>	<u>10.3</u>	<u>11.5</u>	<u>15.5</u>	<u>17.2</u>
<b>Community Development</b>										
Building Inspections	1.4	1.3	1.4	2.0	1.9	1.7	1.9	3.4	5.1	4.0
<b>Transportation</b>										
Streets	11.2	12.0	10.9	12.5	10.8	11.2	11.3	10.7	12.6	12.0
<b>Utility Services</b>										
Utility Billing	6.1	6.1	5.7	7.0	6.9	6.0	7.0	7.0	6.9	7.5
Water Treatment/Distribution	22.4	22.6	26.3	22.7	20.9	19.7	19.6	21.9	22.9	20.7
Wastewater Treatment/Collection	18.2	18.4	15.4	14.9	16.7	15.4	18.3	20.0	21.8	20.7
	<u>46.7</u>	<u>47.1</u>	<u>47.4</u>	<u>44.6</u>	<u>44.5</u>	<u>41.1</u>	<u>44.9</u>	<u>48.9</u>	<u>51.6</u>	<u>48.9</u>
<b>Total</b>	<u><u>173.9</u></u>	<u><u>176.5</u></u>	<u><u>181.7</u></u>	<u><u>177.1</u></u>	<u><u>169.5</u></u>	<u><u>160.0</u></u>	<u><u>170.9</u></u>	<u><u>181.6</u></u>	<u><u>200.1</u></u>	<u><u>195.9</u></u>

**Note:** Numbers shown reflect total annual labor hours divided by annual hours in a full-time schedule--typically 2,080--and include all full-time, part-time, seasonal and overtime hours worked.

\*Part-time salaried positions counted as 0.5 each.

**Source:** City of Defiance Finance Department

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**CITY OF DEFIANCE, OHIO**

SCHEDULE 15  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>General Government</b>				
General Fund begin balance (cash)	\$1,970,107	\$2,840,494	\$3,866,343	\$3,184,285
General Fund receipts (cash)	8,358,947	8,546,209	9,377,084	10,217,683
General Fund expenditures (cash)	8,817,361	9,416,596	10,402,933	9,535,625
General Fund end balance (cash)	<u>\$1,511,693</u>	<u>\$1,970,107</u>	<u>\$2,840,494</u>	<u>\$3,866,343</u>
<b>Municipal Court</b>				
Cases heard and closed	9,998	9,651	11,593	11,134
<b>Police</b>				
Total calls for services	25,834	28,655	26,285	26,657
Traffic violations	1,710	2,003	2,195	2,349
Motor vehicle accidents	821	900	1,116	956
Criminal arrests	2,185	2,669	2,266	2,509
<b>Fire/Emergency Medical Services</b>				
Fire calls	574	579	617	581
EMS calls	1,475	1,348	1,478	1,425
Fire safety inspections	35	12	2	158
<b>Building Inspections</b>				
Construction permits issued	1,161	1,208	929	1,032
Estimated value of construction	\$7,161,765	\$6,800,582	\$17,494,447	\$28,849,492
<b>Recreation</b>				
Swimming pool memberships	41	31	57	57
Shelter house rentals	64	66	105	103
<b>Streets</b>				
Salt usage (tons)	1,051	1,016	1,113	1,628
Cost of salt purchased	\$71,442	\$77,887	\$66,354	\$68,897
<b>Water</b>				
Monthly avg. water treated (mcf)	112.2	108.4	118.7	126.6
Water customers	6,607	6,679	6,669	6,672
Water main breaks repaired	74	36	61	50
<b>Water Pollution Control</b>				
Sewer lines cleaned/repared (ft)	17,640	19,480	20,350	24,600
Sewer customers	6,426	6,480	6,466	6,478

**Source:** Various City of Defiance Divisions

\*Data not available.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$1,670,830	\$879,949	\$524,064	\$364,716	\$1,359,750	\$2,658,753
10,745,595	9,573,150	8,803,907	8,604,627	8,404,558	7,954,874
9,232,140	8,782,269	8,448,022	8,445,279	9,399,592	9,253,877
<u>\$3,184,285</u>	<u>\$1,670,830</u>	<u>\$879,949</u>	<u>\$524,064</u>	<u>\$364,716</u>	<u>\$1,359,750</u>
10,399	10,243	9,997	12,951	13,828	12,801
22,042	20,843	22,866	24,794	24,587	25,040
1,921	1,614	1,668	1,248	1,333	1,614
809	935	908	944	947	937
2,045	1,586	1,900	1,766	1,356	1,463
363	421	412	401	427	363
1,582	1,641	1,557	1,569	1,484	1,340
76	40	124	385	682	209
1,252	1,355	1,190	1,368	1,368	802
\$34,485,181	\$43,958,755	\$12,013,021	\$18,243,305	\$8,473,792	\$5,590,382
50	21	9	13	40	38
78	87	73	*	*	*
306	1,787	857	1,343	597	*
\$38,964	\$40,267	\$41,653	\$52,995	\$35,156	*
123.4	119.3	112.9	118.3	135.2	133.5
6,663	6,574	6,547	6,507	6,466	6,452
64	72	*	*	*	*
19,000	23,750	18,700	14,850	181,784	202,781
6,465	6,372	6,326	6,291	6,255	6,234

**CITY OF DEFIANCE, OHIO**

SCHEDULE 16  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Police</b>				
Stations	1	1	1	1
Vehicles	12	12	11	11
<b>Fire/EMS</b>				
Stations	1	1	1	1
Vehicles - Fire	8	9	9	9
Vehicles - EMS	3	3	3	3
<b>Parks &amp; Recreation</b>				
Parks	8	8	8	8
Pools	1	1	2	2
Tennis courts	8	8	7	9
Sand volleyball courts	2	2	2	0
Basketball courts	4	4	4	4
Ballfields	14	13	12	12
Park shelter houses	13	13	13	13
<b>Streets</b>				
Streets (miles)	103.66	99.78	99.22	98.97
Vehicles	18	17	17	17
<b>Water</b>				
Water lines (miles)	123.54	123.54	121.06	116.50
Towers	3	3	3	3
Tower Capacity	1.6 mg	1.6 mg	1.6 mg	1.6 mg
Reservoir Capacity	350 mg	350 mg	350 mg	na

**Source:** Various City of Defiance Divisions



2006	2005	2004	2003	2002	2001
1	1	1	1	1	1
12	12	11	11	11	11
1	1	1	1	1	1
9	9	9	9	9	9
3	3	3	3	2	3
8	8	8	8	8	8
2	2	1	2	2	2
9	9	9	9	9	9
0	0	0	0	0	0
4	4	4	4	4	4
12	12	12	12	12	12
14	14	14	14	14	14
98.85	97.89	96.69	96.24	96.21	95.77
17	18	16	16	16	16
118.39	113.84	112.69	115.68	111.93	110.36
3	3	3	3	3	3
1.6 mg	1.6 mg	1.6 mg	1.6 mg	1.6 mg	1.6 mg
na	na	na	na	na	na

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# Dave Yost • Auditor of State

CITY OF DEFIANCE

DEFIANCE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 22, 2011