

**CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO**

*SUPPLEMENTAL REPORT*

FOR THE YEAR ENDED  
DECEMBER 31, 2016

**JOHN LEHNER, FINANCE DIRECTOR**





# Dave Yost • Auditor of State

Member of Council & Mayor  
City of Defiance  
631 Perry Street  
Defiance, Ohio 43512

We have reviewed the *Independent Auditor's Report* of the City of Defiance, Defiance County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

August 14, 2017

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**CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO**

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CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Grant Number	Federal CFDA Number	(A)(C) Disbursements
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Bulletproof Vest Partnership Program	N/A	16.607	\$ 4,592
<b>Total U. S. Department of Justice</b>			<u>4,592</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	92830	20.205	1,532,129
Highway Planning and Construction	96711	20.205	69,711
<b>Total U. S. Department of Transportation</b>			<u>1,601,840</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Emergency Management Agency</i>			
Hazard Mitigation Grant	FEMA-DR-4002-OH	97.039	652,201
(D) Assistance to Firefighters Grant	N/A	97.044	27,620
<b>Total U. S. Department of Homeland Security</b>			<u>679,821</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grants (Formula)	A-F-14-2BD-1	14.228	43,845
(B) Community Development Block Grants (Revolving Loans)	N/A	14.228	34,361
<b>Total Community Development Block Grants</b>			<u>78,206</u>
<b>Total U. S. Department of Housing and Urban Development</b>			<u>78,206</u>
<b>TOTAL</b>			<u><u>\$ 2,364,459</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note A - Significant Accounting Policies**

This schedule includes the federal award activity of the City of Defiance under programs of the federal government for the year ended December 31, 2016 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Defiance, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the City of Defiance.

**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 2015 is as follows:

Beginning loans receivable balance as of January 1, 2016	\$	985,672
Additional loans made		212,000
Loan principal repaid		(350,440)
Ending loans receivable balance as of December 31, 2016	<u>\$</u>	<u>847,232</u>
Cash balance on hand in the revolving loan fund as of December 31, 2016	\$	890,070
Administrative costs expended during 2016	\$	34,361

The above reports gross loans receivable. Of the loans receivable as of December 31, 2016, the City estimates \$0 to be uncollectible.

**Note C - Matching Requirements**

Certain Federal programs require the City of Defiance 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.

**Note D - Direct Award**

This was a direct award from the U.S. Department of Homeland Security.

**Note E - Indirect Cost Rate**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimus rate of 10% of modified total direct costs to indirect costs. The City has elected not to use the 10% de minimus indirect cost rate.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's 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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Defiance's basic financial statements and have issued our report thereon dated June 29, 2017.

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

As part of our financial statement audit, we considered the City of Defiance's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of Defiance's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Defiance's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



Members of Council and Mayor  
City of Defiance

***Compliance and Other Matters***

As part of reasonably assuring whether the City of Defiance'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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City of Defiance's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Defiance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
June 29, 2017



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable  
to The Major Federal Program and on Internal Control Over Compliance  
and the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance***

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

To the Members of Council and Mayor:

***Report on Compliance for the Major Federal Program***

We have audited the City of Defiance's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Defiance's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City of Defiance's major federal program.

***Management's Responsibility***

The City of Defiance's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the City of Defiance's compliance for the City of Defiance's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Defiance's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City of Defiance's major program. However, our audit does not provide a legal determination of the City of Defiance's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City of Defiance complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Members of Council and Mayor  
City of Defiance

***Report on Internal Control Over Compliance***

The City of Defiance's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City of Defiance's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City of Defiance'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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

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, 2016, and the related notes to the financial statements, which collectively comprise the City of Defiance's basic financial statements. We issued our unmodified report thereon dated June 29, 2017. We conducted our audit to opine on the City of Defiance's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance 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 management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
June 29, 2017

**CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2016**

<b>1. SUMMARY OF AUDITORS' RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR § 200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Highway Planning and Construction, CFDA #20.205
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS</b>
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None

City of Defiance, Ohio



DEFIANCE  
*a great place to live*

Comprehensive Annual Financial Report

for the year ended December 31, 2016



**CITY OF DEFIANCE, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016**

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**Mike McCann**, Mayor | **Jeffery S. Leonard**, City Administrator  
**John W. Lehner**, Finance Director | **David H. Williams**, Law Director

June 29, 2017

Honorable Mayor Mike McCann  
Members of City Council  
Citizens of Defiance, Ohio

#### Transmittal Letter

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Defiance, Ohio (the “City”) for the year ended December 31, 2016. 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 Defiance 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.

The City is required by State law to have an annual audit performed by the Auditor of State’s Office or an independent public accounting firm, if permitted by the Auditor of State. Julian & Grube, Inc. performed the audit for the year ended December 31, 2016, and they have issued an unmodified (“clean”) opinion. The Independent Auditor’s Report on the City’s financial statements is included in 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, 2016 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 Auditor’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 1823.

Today, the City of approximately 16,775 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 City Council. The City Administrator serves as the principal managerial aide to the Mayor.

Legislative authority is vested in a seven-member City Council, three of whom are elected at-large and four from existing wards. City 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 City 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 City Council is elected at-large to a four-year term. The President presides over all City 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 City 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 ordinance of City 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.





## **Local Economy**

The City of Defiance is a commercial hub for the surrounding five-county area, offering abundant shopping and dining opportunities. The economy is also fueled by several significant manufacturing facilities, two hospitals, Defiance College, and many other small businesses. In addition, two regional banks make their headquarters in Defiance.

The local economy in 2016 maintained the slow, steady growth Defiance has experienced the last few years. It was the third consecutive year with better than expected growth in income tax revenues (3.7 percent), the City's largest single source of revenue. With a rate increase from 1.5 percent to 1.8 percent in 2014 and real growth of 12.8 and 4.4 percent in 2014 and 2015, respectively, the City's total income tax revenue increased from \$6.8 million in 2013 to nearly \$10.0 million in 2016. Unemployment rates in Defiance County held steady at 4.8 percent, which was consistent with both the State of Ohio and national unemployment figures.

The City maintains an AA- bond rating from Standard & Poor's Ratings Services. 2016 was the third year of collecting a new 0.3 percent income tax increase that, again, is proving to be a source of projected long-term stability in the City's General Fund.

## **Long-Term Financial Planning**

Initial forecasts incorporating the 2014 income tax rate increase showed recovering, and then stable, General Fund balances for a period extending beyond 10 years. Receipts for 2014 through 2016 have been better than originally projected, and the year-end General Fund balance is ahead of early projections, as well. The City Administration and Council remain cautious in near-term budgeting and long-term capital planning, but there is a growing comfort in moving forward on some long-delayed projects. Since the deep recession of 2007 – 2009, maintenance of city streets and other infrastructure assets had been sorely neglected. The 2017 budget includes \$300,000 of additional funding from the General Fund for street resurfacing, and a similar amount will likely be available in 2018.

The City's water and sewer utility rates were significantly restructured for 2017. While many residential and commercial users will see reduced utility bills, revenues are projected to increase by up to 2.0 percent. Both the Water and Sewer Funds currently maintain healthy reserve balances.

The City is at the end of an EPA-approved study period to reassess its strategy in addressing combined sewer overflows into the Maumee and Auglaize Rivers. Overflows typically occur during significant rainfall events that overwhelm the capacity of the existing sewer system. Costs associated with the City's initial plan, as proscribed by the current consent order, became prohibitive after an investment of over \$30 million in the first eight years of a twenty-year plan. Results of the study are promising, offering projected costs over 40 percent less than the initial plan costs of \$118 million. The City remains in the negotiation phase with the Ohio EPA to establish a final modified plan of action.

The City has no plans to issue new debt in 2017; however, there may be projects in 2018 that necessitate new funding depending on the outcome of several grant applications. Outstanding general obligation debt totals \$10.25 million, representing approximately \$615 per capita. Over two-thirds of the balance, however, is being funded from revenues of the water and wastewater treatment utilities, not general tax dollars.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Defiance, Ohio for its comprehensive annual financial report for the year ended December 31, 2015. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standard of preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received for a third consecutive year the *Ohio Auditor of State Award with Distinction* for its “clean” audit report for the year ended December 31, 2015.

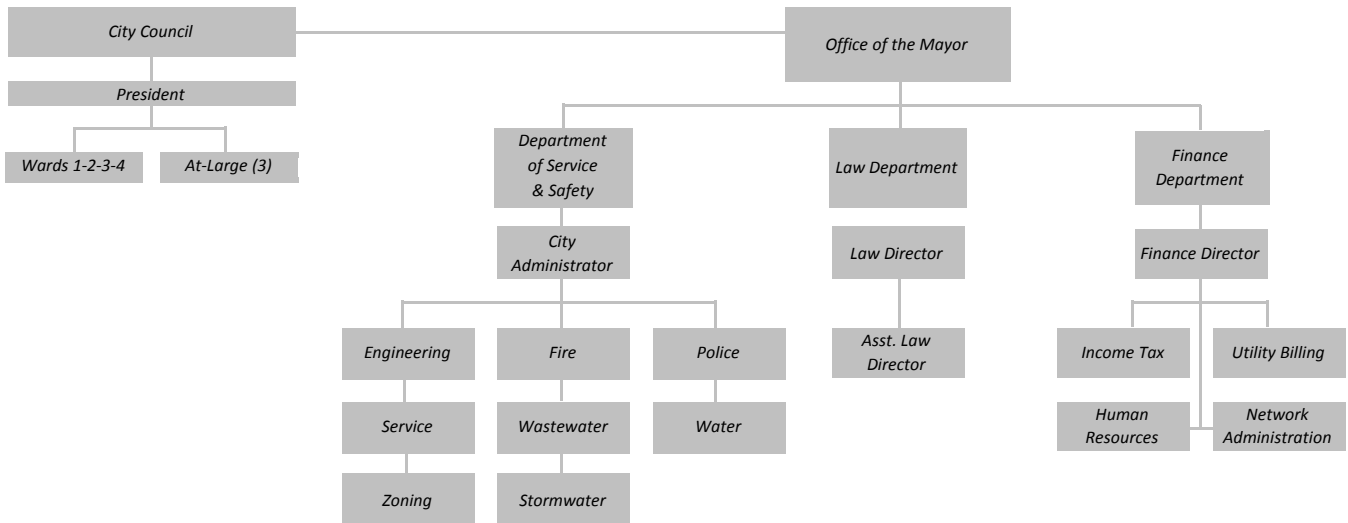
I would like to express my appreciation to the employees of the Defiance Finance Department for their hard work and professionalism. The successful preparation of this document would not be possible without their efforts. I would also like to thank the Mayor and Members of City Council for their ongoing support of excellence in financial reporting and disclosure, and to Julian & Grube, Inc. for their assistance with the preparation of this CAFR.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J. Lehner', with a long horizontal flourish extending to the right.

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, 2016**

Elected Officials

Mayor	Mike McCann
City Council:	
President	Mike Ketcham
At-Large	Jill Krutsch
At-Large	Jared Orzolek
At-Large	John Hancock
1 <sup>st</sup> Ward	Peter Lundberg
2 <sup>nd</sup> Ward	Steve Waxler
3 <sup>rd</sup> Ward	Jake Oberlin
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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Defiance  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

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## FINANCIAL SECTION

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## Independent Auditor's Report

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

To the Members of Council and Mayor:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Defiance's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City of Defiance's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City of Defiance's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Independent Auditor's Report  
City of Defiance

***Opinion***

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Police and Fire Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liability/net pension asset and pension contributions listed in the table of contents, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the City of Defiance's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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.

Independent Auditor's Report  
City of Defiance

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, on our consideration of the City of Defiance'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Defiance's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
June 29, 2017

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## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (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, 2016. 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 2016 are as follows:

- The total net position of the City increased \$4,085,154. Net position of governmental activities increased \$1,128,271 from 2015 net position, and net position of business-type activities increased \$2,956,883 from 2015 net position.
- General revenues accounted for \$11,438,906 or 65.64% of total governmental activities revenue. Program specific revenues accounted for \$5,987,156 or 34.36% of total governmental activities revenue.
- The City had \$16,204,911 in expenses related to governmental activities; \$5,987,156 of these expenses were offset by program specific charges for services, grants, or contributions. The remaining expenses of the governmental activities were offset by general revenues (primarily property taxes, income taxes, and unrestricted grants and entitlements) of \$11,438,906.
- The City has three major governmental funds, the general fund, the police and fire fund, and the capital improvements fund. The general fund had revenues and other financing sources of \$8,909,175 in 2016, while the expenditures and other financing uses totaled \$8,288,873. The net increase in fund balance for the general fund was \$620,302.
- The police and fire fund had revenues and other financing sources in the amount of \$5,316,031 in 2016, and expenditures totaling \$5,411,524. The net decrease in fund balance for the police and fire fund was \$95,493.
- The capital improvements fund had revenues of \$4,025,436 and expenditures of \$4,691,016 in 2016. The net decrease in fund balance for the capital improvements fund was \$665,580.
- Net position for the business-type activities, which is made up of the sewer, water, refuse, and utility deposit enterprise funds, increased in 2016 by \$2,956,883. The increase in business-type activities net position is a result of revenues from charges for services and sales continuing to outpace the operating expenses of the City's enterprise funds.
- In the general fund, the actual revenues and other financing sources came in \$237,656 greater than the amounts reported in the final budget, and actual expenditures and other financing uses were \$566,179 less than the amounts reported in the final budget as a result of closely monitored spending practices. Budgeted revenues and other financing sources were unchanged from the original to the final budget. Budgeted expenditures and other financing uses increased \$69,910 from the original to the final budget.

#### **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.

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

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

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

##### *Statement of Net Position and 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 the City do financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

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

Governmental activities - Most of the City's programs and services are reported here including police, 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 sewer, water, refuse, and utility deposits operations are reported here.

The City's statement of net position and statement of activities can be found on pages 23-25 of this report.

#### **Reporting the City's Most Significant Funds**

##### *Fund Financial Statements*

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental funds and proprietary funds begins on page 14.

## **CITY OF DEFIANCE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (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, the police and fire fund, and the capital improvements 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 26-31 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 sewer, water, refuse, and utility deposits management functions. The City's major enterprise funds are the sewer fund and the water fund. 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 32-37 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 statements 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 38 of this report.

#### ***Notes to the Basic Financial Statements***

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 39-89 of this report.

#### ***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability. The required supplementary information can be found on pages 90-96 of this report.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

**Government-wide Financial Analysis**

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2016 and 2015.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>						
Current and other assets	\$ 12,731,244	\$ 12,327,266	\$ 9,488,758	\$ 9,726,361	\$ 22,220,002	\$ 22,053,627
Capital assets, net	22,604,517	20,695,197	71,372,117	68,595,114	93,976,634	89,290,311
Total assets	<u>35,335,761</u>	<u>33,022,463</u>	<u>80,860,875</u>	<u>78,321,475</u>	<u>116,196,636</u>	<u>111,343,938</u>
<b><u>Deferred outflows of resources</u></b>						
Unamortized deferred charges	-	-	93,774	207,302	93,774	207,302
Pension	3,852,852	1,401,131	938,207	311,777	4,791,059	1,712,908
Total deferred outflows of resources	<u>3,852,852</u>	<u>1,401,131</u>	<u>1,031,981</u>	<u>519,079</u>	<u>4,884,833</u>	<u>1,920,210</u>
<b><u>Liabilities</u></b>						
Current liabilities	1,187,692	565,342	2,598,056	1,851,828	3,785,748	2,417,170
Long-term liabilities:						
Due within one year	618,398	594,350	3,109,611	2,660,756	3,728,009	3,255,106
Net pension liability	13,076,033	9,873,352	2,333,891	1,703,081	15,409,924	11,576,433
Other amounts	5,379,563	5,687,195	34,574,468	36,352,833	39,954,031	42,040,028
Total liabilities	<u>20,261,686</u>	<u>16,720,239</u>	<u>42,616,026</u>	<u>42,568,498</u>	<u>62,877,712</u>	<u>59,288,737</u>
<b><u>Deferred inflows of resources</u></b>						
Property taxes	750,000	747,900	-	-	750,000	747,900
Pension	157,596	64,395	85,399	37,508	242,995	101,903
Total deferred inflows of resources	<u>907,596</u>	<u>812,295</u>	<u>85,399</u>	<u>37,508</u>	<u>992,995</u>	<u>849,803</u>
<b><u>Net position</u></b>						
Net investment in capital assets	16,547,338	14,972,611	32,132,408	28,739,028	48,679,746	43,711,639
Restricted	4,612,458	4,820,421	-	-	4,612,458	4,820,421
Unrestricted (deficit)	(3,140,465)	(2,901,972)	7,059,023	7,495,520	3,918,558	4,593,548
Total net position	<u>\$ 18,019,331</u>	<u>\$ 16,891,060</u>	<u>\$ 39,191,431</u>	<u>\$ 36,234,548</u>	<u>\$ 57,210,762</u>	<u>\$ 53,125,608</u>

In a prior year, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.



## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

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

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57,210,762. At December 31, 2016, net position was \$18,019,331 and \$39,191,431 for the governmental activities and the business-type activities, respectively.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At December 31, 2016, capital assets represented 80.88% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, and infrastructure. Capital assets of the governmental activities equaled 63.97% of total assets, while capital assets of the business-type activities represented 88.27% of total assets. The net investment in capital assets at December 31, 2016 was \$16,547,338 and \$32,132,408 in 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.

A portion of the City's net position, \$4,612,458, represents resources that are subject to external restriction on how they may be used.

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**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

The table below shows the changes in net position for 2016 and 2015.

	Governmental		Business-type		2016		2015	
	Activities	Activities	Activities	Activities	Total	Total	Total	Total
	2016	2016	2015	2015				
<b>Change in Net Position</b>								
<b>Revenues:</b>								
Program revenues:								
Charges for services and sales	\$ 2,012,352	\$ 13,904,820	\$ 2,048,246	\$ 13,913,617	\$ 15,917,172	\$ 15,961,863		
Operating grants and contributions	1,413,213	-	1,863,760	-	1,413,213	1,863,760		
Capital grants and contributions	2,561,591	287,275	677,251	239,844	2,848,866	917,095		
Total program revenues	<u>5,987,156</u>	<u>14,192,095</u>	<u>4,589,257</u>	<u>14,153,461</u>	<u>20,179,251</u>	<u>18,742,718</u>		
General revenues:								
Property taxes	1,124,727	-	1,080,448	-	1,124,727	1,080,448		
Income taxes	9,818,225	-	9,752,757	-	9,818,225	9,752,757		
Unrestricted grants and entitlements	276,974	-	249,294	-	276,974	249,294		
Investment earnings	65,862	74,504	38,491	43,082	140,366	81,573		
Change in FMV of investments	10,967	-	(17,150)	-	10,967	(17,150)		
Miscellaneous	142,151	27,772	258,453	37,237	169,923	295,690		
Total general revenues	<u>11,438,906</u>	<u>102,276</u>	<u>11,362,293</u>	<u>80,319</u>	<u>11,541,182</u>	<u>11,442,612</u>		
Total revenues	<u>17,426,062</u>	<u>14,294,371</u>	<u>15,951,550</u>	<u>14,233,780</u>	<u>31,720,433</u>	<u>30,185,330</u>		
<b>Expenses:</b>								
General government	3,585,624	-	3,641,100	-	3,585,624	3,641,100		
Security of persons and property	7,462,722	-	6,405,325	-	7,462,722	6,405,325		
Public health and welfare	413,763	-	333,559	-	413,763	333,559		
Transportation	2,875,847	-	1,785,648	-	2,875,847	1,785,648		
Community environment	586,442	-	424,611	-	586,442	424,611		
Leisure time activity	878,295	-	722,802	-	878,295	722,802		
Economic development	283,231	-	662,026	-	283,231	662,026		
Interest and fiscal charges	118,987	-	119,328	-	118,987	119,328		
Water	-	5,033,472	-	4,920,630	5,033,472	4,920,630		
Sewer	-	5,358,623	-	5,386,271	5,358,623	5,386,271		
Other business-type activities	-	1,038,273	-	1,011,149	1,038,273	1,011,149		
Total expenses	<u>16,204,911</u>	<u>11,430,368</u>	<u>14,094,399</u>	<u>11,318,050</u>	<u>27,635,279</u>	<u>25,412,449</u>		
Change in net position before transfers	<u>1,221,151</u>	<u>2,864,003</u>	<u>1,857,151</u>	<u>2,915,730</u>	<u>4,085,154</u>	<u>4,772,881</u>		
Transfers	<u>(92,880)</u>	<u>92,880</u>	<u>6,264</u>	<u>(6,264)</u>	<u>-</u>	<u>-</u>		
Change in net position	1,128,271	2,956,883	1,863,415	2,909,466	4,085,154	4,772,881		
Net position, beginning of year	<u>16,891,060</u>	<u>36,234,548</u>	<u>15,027,645</u>	<u>33,325,082</u>	<u>53,125,608</u>	<u>48,352,727</u>		
Net position, end of year	<u>\$ 18,019,331</u>	<u>\$ 39,191,431</u>	<u>\$ 16,891,060</u>	<u>\$ 36,234,548</u>	<u>\$ 57,210,762</u>	<u>\$ 53,125,608</u>		

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

**Governmental Activities**

Governmental activities net position increased \$1,128,271 in 2016.

During 2016, the City's income tax revenue increased approximately \$65,000 over 2015. The income tax revenues were the result of decreasing unemployment during 2016.

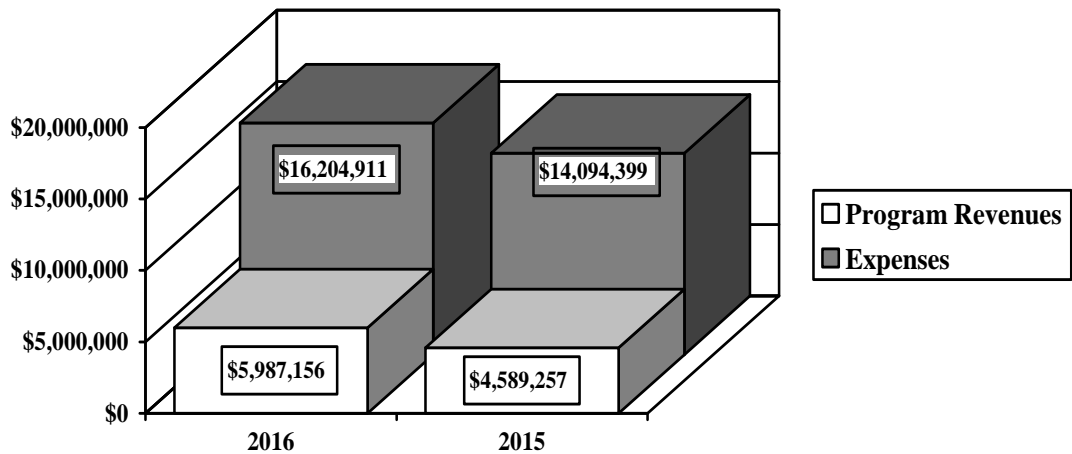
Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$7,462,722 of the total expenses of the City. These expenses were partially funded by \$1,076,534 in direct charges to users of the services and \$125,555 in operating grants and contributions. Transportation expenses totaled \$2,875,847 in 2016. Transportation expenses were partially funded by \$1,035,982 in operating grants and contributions and \$1,498,113 in capital grants and contributions.

The State and federal government contributed to the City a total of \$1,413,213 in operating grants and contributions and \$2,561,591 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$206,094 subsidized general government operations and \$43,843 subsidized economic development programs. Of the total capital grants and contributions, \$760,901 subsidized public health and welfare activities and \$264,477 subsidized leisure time activities.

General revenues totaled \$11,438,906 and amounted to 65.64% of total governmental activities revenue. These revenues primarily consist of property and income tax revenue totaling \$10,942,952. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue and property tax reimbursements, making up \$276,974.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following shows, for governmental activities, the total cost of services and the net cost of services for 2016 and 2015. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements). The graph and table that follow illustrate the City's dependence upon general revenues, as program revenues are not sufficient to cover total governmental expenses.

**Governmental Activities - Program Revenues vs. Total Expenses**



**CITY OF DEFIANCE, OHIO**

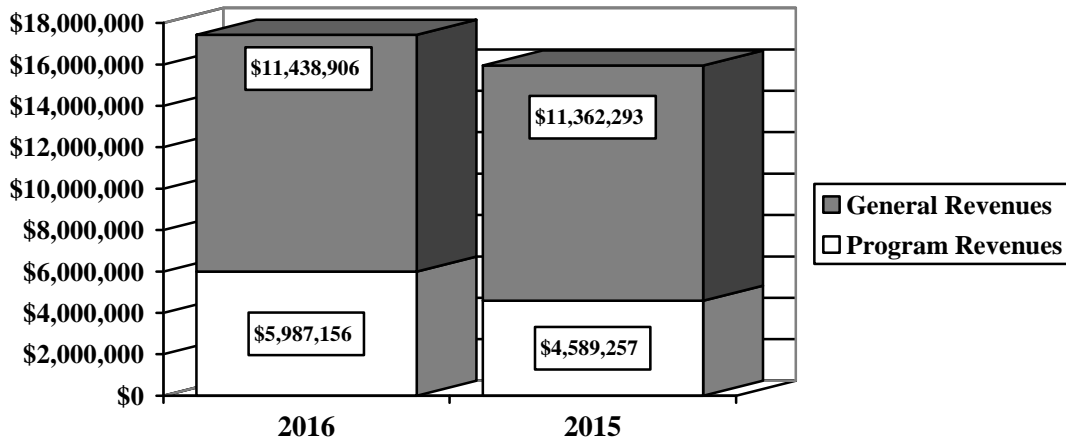
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

**Governmental Activities**

	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
<b>Program Expenses:</b>				
General government	\$ 3,585,624	\$ 2,782,977	\$ 3,641,100	\$ 2,935,538
Security of persons and property	7,462,722	6,260,633	6,405,325	5,043,275
Public health and welfare	413,763	(434,216)	333,559	260,486
Transportation	2,875,847	341,752	1,785,648	280,076
Community environment	586,442	443,713	424,611	333,623
Leisure time activity	878,295	581,186	722,802	454,123
Economic development	283,231	122,723	662,026	78,693
Interest and fiscal charges	<u>118,987</u>	<u>118,987</u>	<u>119,328</u>	<u>119,328</u>
<b>Total</b>	<u>\$ 16,204,911</u>	<u>\$ 10,217,755</u>	<u>\$ 14,094,399</u>	<u>\$ 9,505,142</u>

The dependence upon general revenues for governmental activities is apparent, with 63.06% of expenses supported through taxes and other general revenues.

**Governmental Activities - General and Program Revenues**



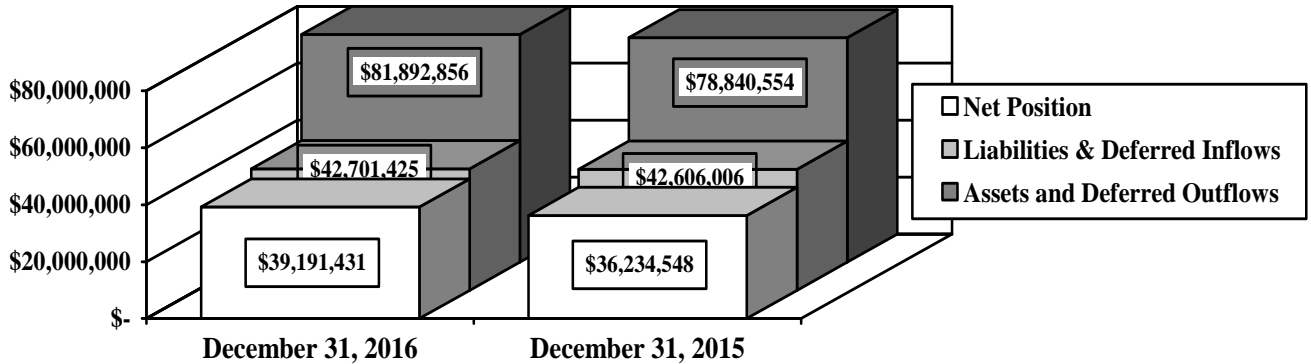
**Business-type Activities**

Business-type activities include the sewer, water, refuse, and utility deposit enterprise funds. These programs had program revenues of \$14,192,095, general revenues of \$102,276, expenses of \$11,430,368, and \$92,880 in transfers in in 2016. The graph below shows the business-type activities assets and deferred outflows of resources, liabilities, and net position at December 31, 2016 and December 31, 2015.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

**Net Position of 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.

The City's governmental funds reported a combined fund balance of \$9,307,804, which is a \$276,028 decrease from last year's total balance of \$9,583,832. The table below indicates the fund balances and the total change in fund balances as of December 31, 2016 and December 31, 2015 for all major and nonmajor governmental funds.

	<u>Fund Balances</u> <u>December 31, 2016</u>	<u>Fund Balances</u> <u>December 31, 2015</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 3,861,368	\$ 3,241,066	\$ 620,302
Police and fire	288,275	383,768	(95,493)
Capital improvements	473,961	1,139,541	(665,580)
Nonmajor governmental funds	<u>4,684,200</u>	<u>4,819,457</u>	<u>(135,257)</u>
<b>Total</b>	<u>\$ 9,307,804</u>	<u>\$ 9,583,832</u>	<u>\$ (276,028)</u>

**General Fund**

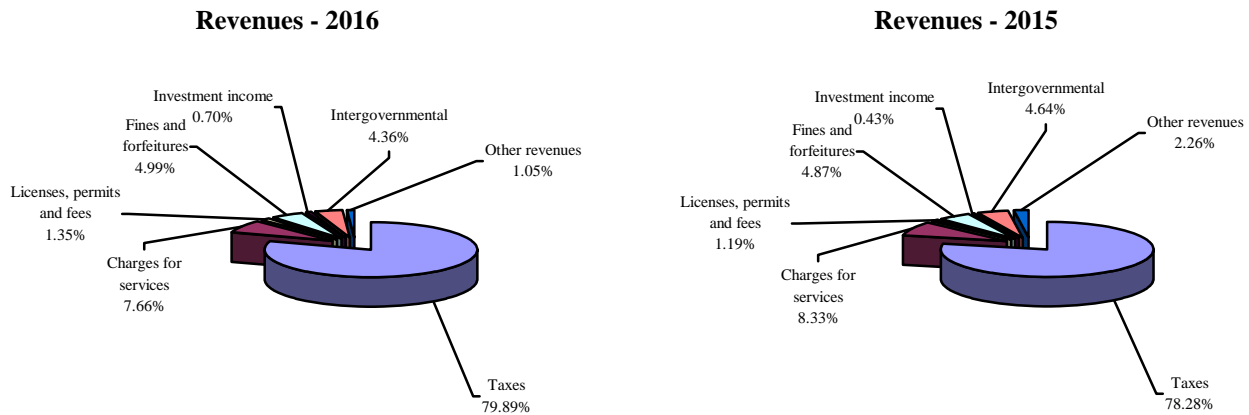
The City's general fund balance increased \$620,302. The table that follows assists in illustrating the revenues of the general fund for 2016 and 2015.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 7,112,684	\$ 7,075,951	\$ 36,733	0.52 %
Charges for services	682,231	752,932	(70,701)	(9.39) %
Licenses, permits and fees	120,379	107,303	13,076	12.19 %
Fines and forfeitures	444,268	440,079	4,189	0.95 %
Investment income	62,610	39,185	23,425	59.78 %
Intergovernmental	388,629	419,120	(30,491)	(7.28) %
Other	<u>93,199</u>	<u>203,865</u>	<u>(110,666)</u>	(54.28) %
<b>Total</b>	<b><u>\$ 8,904,000</u></b>	<b><u>\$ 9,038,435</u></b>	<b><u>\$ (134,435)</u></b>	<b>(1.49) %</b>

Overall revenues of the general fund decreased \$143,476 or 1.59%. Taxes increased \$36,733 or 0.52% mainly due to an increase in income tax collections attributable to additional wages earned by the City's residents during 2016. Investment income increased \$23,425 or 59.78% primarily due to slightly higher interest rates on City investments during 2016. Charges for services decreased \$70,701 or 9.39% due to less revenue from EMS runs. All other revenue classifications remained comparable to the prior year.



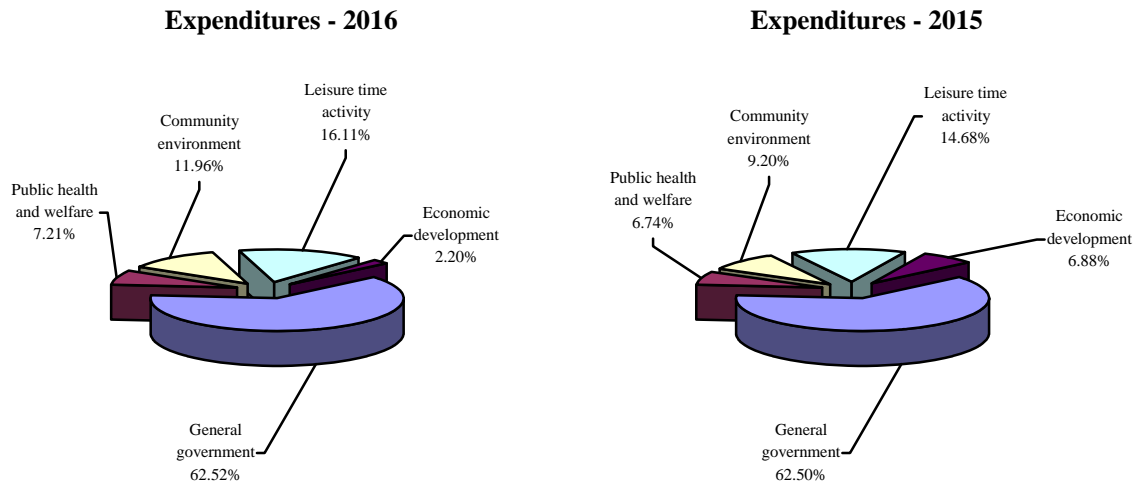
The table that follows assists in illustrating the expenditures of the general fund for 2016 and 2015.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
General government	\$ 2,525,513	\$ 2,619,893	\$ (94,380)	(3.60) %
Public health and welfare	291,343	282,332	9,011	3.19 %
Community environment	483,181	385,516	97,665	25.33 %
Leisure time activity	650,598	615,464	35,134	5.71 %
Economic development	<u>89,075</u>	<u>288,342</u>	<u>(199,267)</u>	(69.11) %
<b>Total</b>	<b><u>\$ 4,039,710</u></b>	<b><u>\$ 4,191,547</u></b>	<b><u>\$ (151,837)</u></b>	<b>(3.62) %</b>

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

Overall expenditures of the general fund decreased \$151,837 or 3.62%. General government expenditures decreased due to a decrease in expenditures related to the municipal court and economic development expenditures decreased due to less contributions by the City to the Defiance County Community Improvement Corporation.



#### ***Police and Fire Fund***

The police and fire fund had revenues and other financing sources in the amount of \$5,316,031 in 2016, and expenditures totaling \$5,411,524. The net decrease in fund balance for the police and fire fund was \$95,493. The expenditures of the police and fire fund were subsidized by income tax revenues of \$1,636,868, and transfers of \$3,679,163 from the general fund.

#### ***Capital Improvements Fund***

The capital improvements fund had revenues of \$4,025,436 and expenditures of \$4,691,016 in 2016. The net decrease in fund balance for the capital improvements fund was \$665,580. This decrease in fund balance is mainly attributable to a \$700,000 bond anticipation note payable outstanding at year-end.

#### ***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 and the police and fire fund. In the general fund, the actual revenues and other financing sources were \$9,035,835, which was \$237,656 greater than the final budgeted revenues and other financing sources of \$8,798,179. Original budgeted revenues and other financing sources were the same as the final budgeted amounts. Actual expenditures and other financing uses were \$8,415,562, which was \$566,179 less than the final budgeted expenditures and other financing uses of \$8,981,741 due to the City's conservative budgeting practices. Original budgeted expenditures and other financing uses were \$8,911,831, which is \$69,910 less than the final budgeted amounts.



**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

***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 fund 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, 2016, the City had \$93,976,634 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, and infrastructure. Of this total, \$22,604,517 was reported in governmental activities and \$71,372,117 was reported in business-type activities. The following table shows December 31, 2016 balances compared to December 31, 2015.

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

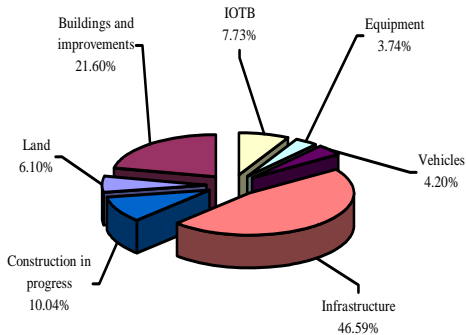
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,378,358	\$ 1,378,358	\$ 359,741	\$ 359,741	\$ 1,738,099	\$ 1,738,099
Construction in progress	2,269,406	775,714	3,662,357	5,212,281	5,931,763	5,987,995
Land improvements	-	-	255,640	286,635	255,640	286,635
Buildings and improvements	4,883,575	5,117,672	15,613,157	16,280,016	20,496,732	21,397,688
IOTB	1,746,086	1,386,482	-	-	1,746,086	1,386,482
Equipment	845,683	826,181	1,924,893	1,744,409	2,770,576	2,570,590
Vehicles	949,481	927,754	333,170	399,255	1,282,651	1,327,009
Infrastructure	10,531,928	10,283,036	49,223,159	44,312,777	59,755,087	54,595,813
Totals	<u>\$ 22,604,517</u>	<u>\$ 20,695,197</u>	<u>\$ 71,372,117</u>	<u>\$ 68,595,114</u>	<u>\$ 93,976,634</u>	<u>\$ 89,290,311</u>

The following graphs show the breakdown of governmental activities capital assets by category at December 31, 2016 and December 31, 2015.

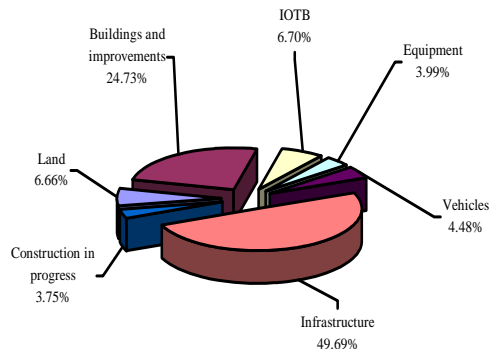
**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

**Capital Assets - Governmental Activities  
2016**



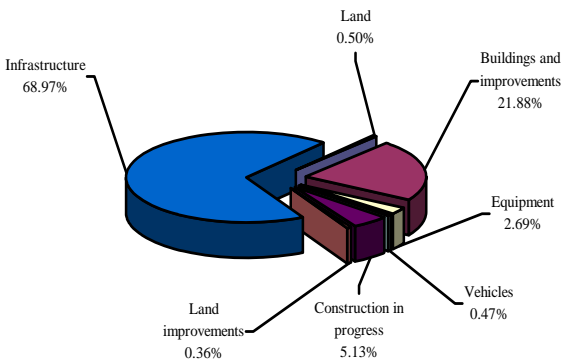
**Capital Assets - Governmental Activities  
2015**



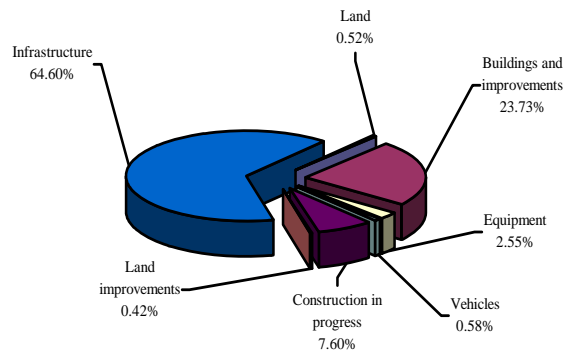
The infrastructure capital asset category includes roads, bridges, culverts, sidewalks, and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 46.59% of the City's total governmental activities capital assets at December 31, 2016.

The following graphs show the breakdown of business-type activities capital assets by category at December 31, 2016 and December 31, 2015.

**Capital Assets - Business-type Activities  
2016**



**Capital Assets - Business-type Activities  
2015**



The City's largest business-type activities capital asset category is infrastructure, which primarily includes sewer lines and water 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 68.97% of the City's total business-type activities capital assets at December 31, 2016.

See Note 9 for additional detail on the City's capital assets.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2016 and December 31, 2015.

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 3,235,000	\$ 3,410,000
OWDA loans	1,981,503	2,098,062
Capital lease obligations	109,239	137,503
Net pension liability	13,076,033	9,873,352
Compensated absences	<u>640,782</u>	<u>602,419</u>
Total long-term obligations	<u>\$ 19,042,557</u>	<u>\$ 16,121,336</u>
	<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 6,989,593	\$ 5,450,000
Special assessment bonds	44,070	53,631
OWDA loans	28,469,070	30,198,958
OPWC loans	1,523,808	155,661
Bond anticipation notes	-	2,704,000
Net pension liability	2,333,891	1,703,081
Compensated absences	<u>217,608</u>	<u>157,485</u>
Total long-term obligations	<u>\$ 39,578,040</u>	<u>\$ 40,422,816</u>

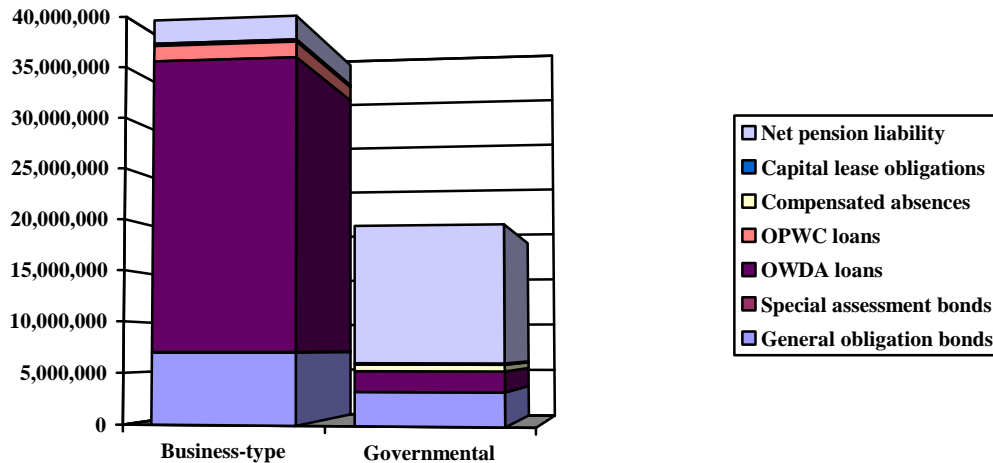
See Note 12 for additional detail on the City's debt administration.

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

A comparison of the long-term obligations by category is depicted in the graph below.

**Long-term Obligations at December 31, 2016**



### Economic Factors and Next Year's Budget

The following economic factors currently affect the City of Defiance, and were considered in developing the City's 2017 budget:

- The City continued to see growth in income tax revenues in 2016, increasing \$358,664 (on a cash basis) over 2015 collections, or 3.7 percent. Growth was driven by individual filers and employee withholding, while receipts from corporate profits were down slightly.
- The local unemployment rate in 2016 averaged 4.9%, virtually unchanged from the prior year, and very similar to both State of Ohio and national rates.
- Following 2016 in which City health insurance rates were held steady, premiums increased 4.5 percent for 2017. The comparatively small increase was attributable to the continued strong overall performance of the self-insurance pool in which the City participates.
- Wage increases for all union and non-bargaining unit employees were budgeted at 2.75% for 2017.
- Interest rates on investments improved in 2016 (weighted average yield of 1.36% at year-end versus 1.22% in 2015). Posted interest earnings totaled nearly \$189,000 in 2016.
- Significant changes to the City's water and sewer rate structures became effective in January, 2017. All quantity discounts were eliminated; commodity surcharges on customers outside the City-limits were eliminated; and billed commodity costs versus billed fixed costs were more clearly delineated. Actual rates were adjusted accordingly. While many customers will see reduced monthly bills, overall revenues from water and sewer user charges are expected to increase approximately 2.0% in 2017.

In 2016, the local economy showed subtle signs of slowing, but growth was still evident, as it was in the broader state and national economies. Income tax revenue increases, while modest, were sustained for a third full year, and low unemployment numbers continued to support that growth. The City remains committed to economic development. Expanding the employment base, especially in manufacturing and professional service industries, is one of its highest priorities, but there is also a renewed effort to address a growing backlog of infrastructure maintenance needs, including streets, parks beautification, and expansion of park lands and recreational opportunities along the City's river confluence. Attention to such "quality of life" issues is believed to be an important aspect of the City's economic development efforts.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

**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

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CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 7,939,768	\$ 8,329,170	\$ 16,268,938
Cash in segregated accounts . . . . .	324,391	-	324,391
Investments . . . . .	44,068	-	44,068
Receivables (net of allowance for uncollectibles)			
Income taxes . . . . .	1,456,784	-	1,456,784
Property and other local taxes . . . . .	892,131	-	892,131
Accounts . . . . .	413,775	466,304	880,079
Loans receivable . . . . .	847,232	-	847,232
Special assessments . . . . .	152,019	24,725	176,744
Accrued interest . . . . .	9,850	16,748	26,598
Due from other governments . . . . .	595,634	1,092	596,726
Materials and supplies inventory . . . . .	45,395	73,102	118,497
Net pension asset . . . . .	16,343	11,762	28,105
Internal balance . . . . .	(6,146)	6,146	-
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	-	484,767	484,767
Cash in segregated accounts . . . . .	-	74,942	74,942
Capital assets:			
Land and construction in progress . . . . .	3,647,764	4,022,098	7,669,862
Depreciable capital assets, net . . . . .	18,956,753	67,350,019	86,306,772
Total capital assets, net . . . . .	22,604,517	71,372,117	93,976,634
Total assets . . . . .	35,335,761	80,860,875	116,196,636
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding . . . . .	-	93,774	93,774
Pension - OPERS . . . . .	1,303,605	938,207	2,241,812
Pension - OP&F . . . . .	2,549,247	-	2,549,247
Total deferred outflows of resources . . . . .	3,852,852	1,031,981	4,884,833
<b>Liabilities:</b>			
Accounts payable . . . . .	195,421	134,135	329,556
Contracts payable . . . . .	-	371,606	371,606
Accrued wages and benefits payable . . . . .	115,697	41,975	157,672
Due to other governments . . . . .	163,597	38,958	202,555
Accrued interest payable . . . . .	12,977	21,615	34,592
Payable from restricted assets - refundable deposits . . . . .	-	484,767	484,767
Bond anticipation notes payable . . . . .	700,000	1,505,000	2,205,000
Long-term liabilities:			
Due within one year . . . . .	618,398	3,109,611	3,728,009
Due in more than one year:			
Due in more than one year - net pension liability . . . . .	13,076,033	2,333,891	15,409,924
Other amounts due in more than one year . . . . .	5,379,563	34,574,468	39,954,031
Total liabilities . . . . .	20,261,686	42,616,026	62,877,712
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next year . . . . .	750,000	-	750,000
Pension - OPERS . . . . .	118,659	85,399	204,058
Pension - OP&F . . . . .	38,937	-	38,937
Total deferred inflows of resources . . . . .	907,596	85,399	992,995
<b>Net position:</b>			
Net investment in capital assets . . . . .	16,547,338	32,132,408	48,679,746
Restricted for:			
Capital projects . . . . .	178,127	-	178,127
Debt service . . . . .	722,733	-	722,733
Transportation projects . . . . .	427,612	-	427,612
Safety projects . . . . .	455,825	-	455,825
Special projects . . . . .	378,716	-	378,716
Community environment projects . . . . .	41,220	-	41,220
Economic development projects . . . . .	1,774,767	-	1,774,767
Health projects . . . . .	3,161	-	3,161
Museum trust . . . . .	332,600	-	332,600
Other purposes . . . . .	297,697	-	297,697
Unrestricted (deficit) . . . . .	(3,140,465)	7,059,023	3,918,558
Total net position . . . . .	\$ 18,019,331	\$ 39,191,431	\$ 57,210,762

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government . . . . .	\$ 3,585,624	\$ 596,553	\$ 206,094	\$ -
Security of persons and property. . . . .	7,462,722	1,076,534	125,555	-
Public health and welfare. . . . .	413,763	85,339	1,739	760,901
Transportation . . . . .	2,875,847	-	1,035,982	1,498,113
Community environment . . . . .	586,442	104,629	-	38,100
Leisure time activity . . . . .	878,295	32,632	-	264,477
Economic development. . . . .	283,231	116,665	43,843	-
Interest and fiscal charges . . . . .	118,987	-	-	-
Total governmental activities. . . . .	<u>16,204,911</u>	<u>2,012,352</u>	<u>1,413,213</u>	<u>2,561,591</u>
<b>Business-type activities:</b>				
Sewer . . . . .	5,358,623	7,033,171	-	157,000
Water . . . . .	5,033,472	5,919,633	-	130,275
Other business-type activities:				
Refuse . . . . .	1,038,273	952,016	-	-
Total business-type activities . . . . .	<u>11,430,368</u>	<u>13,904,820</u>	<u>-</u>	<u>287,275</u>
Total primary government . . . . .	<u>\$ 27,635,279</u>	<u>\$ 15,917,172</u>	<u>\$ 1,413,213</u>	<u>\$ 2,848,866</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 . . . . .	
Increase in fair value of investments. . . . .	
Miscellaneous . . . . .	
Total general revenues. . . . .	
Transfers . . . . .	
Total general revenues and transfers . . . . .	
Change in net position . . . . .	
<b>Net position at beginning of year. . . . .</b>	
<b>Net position at end of year . . . . .</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,782,977)	\$ -	\$ (2,782,977)
(6,260,633)	-	(6,260,633)
434,216	-	434,216
(341,752)	-	(341,752)
(443,713)	-	(443,713)
(581,186)	-	(581,186)
(122,723)	-	(122,723)
(118,987)	-	(118,987)
<u>(10,217,755)</u>	<u>-</u>	<u>(10,217,755)</u>
-	1,831,548	1,831,548
-	1,016,436	1,016,436
-	(86,257)	(86,257)
-	<u>2,761,727</u>	<u>2,761,727</u>
<u>(10,217,755)</u>	<u>2,761,727</u>	<u>(7,456,028)</u>
6,527,709	-	6,527,709
1,658,961	-	1,658,961
1,631,555	-	1,631,555
603,781	-	603,781
520,946	-	520,946
276,974	-	276,974
65,862	74,504	140,366
10,967	-	10,967
142,151	27,772	169,923
<u>11,438,906</u>	<u>102,276</u>	<u>11,541,182</u>
<u>(92,880)</u>	<u>92,880</u>	<u>-</u>
<u>11,346,026</u>	<u>195,156</u>	<u>11,541,182</u>
1,128,271	2,956,883	4,085,154
<u>16,891,060</u>	<u>36,234,548</u>	<u>53,125,608</u>
<u>\$ 18,019,331</u>	<u>\$ 39,191,431</u>	<u>\$ 57,210,762</u>

**CITY OF DEFIANCE, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	<b>General</b>	<b>Police and Fire</b>	<b>Capital Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 3,009,108	\$ 313,249	\$ 1,050,324	\$ 3,280,101	\$ 7,652,782
Cash in segregated accounts. . . . .	-	-	-	324,391	324,391
Investments . . . . .	44,068	-	-	-	44,068
Receivables (net of allowance for uncollectibles):					
Income taxes . . . . .	967,013	242,846	242,846	4,079	1,456,784
Property and other local taxes . . . . .	639,239	-	-	252,892	892,131
Accounts . . . . .	321,541	-	-	92,234	413,775
Loans receivable . . . . .	-	-	-	847,232	847,232
Special assessments . . . . .	-	-	-	152,019	152,019
Accrued interest . . . . .	6,696	-	-	2,524	9,220
Due from other governments. . . . .	161,882	-	-	433,752	595,634
Materials and supplies inventory. . . . .	-	-	-	45,395	45,395
Total assets. . . . .	<u>\$ 5,149,547</u>	<u>\$ 556,095</u>	<u>\$ 1,293,170</u>	<u>\$ 5,434,619</u>	<u>\$ 12,433,431</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 114,231	\$ 28,246	\$ 17,054	\$ 35,890	\$ 195,421
Accrued wages and benefits payable. . . . .	43,206	62,373	-	10,118	115,697
Due to other governments . . . . .	36,159	78,920	-	48,518	163,597
Accrued interest payable . . . . .	-	-	3,874	-	3,874
Bond anticipation notes payable. . . . .	-	-	700,000	-	700,000
Total liabilities. . . . .	<u>193,596</u>	<u>169,539</u>	<u>720,928</u>	<u>94,526</u>	<u>1,178,589</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next year. . . . .	579,000	-	-	171,000	750,000
Delinquent property tax revenue not available. . . . .	60,239	-	-	-	60,239
Accrued interest not available . . . . .	2,130	-	-	803	2,933
Special assessments revenue not available. . . . .	-	-	-	152,019	152,019
Miscellaneous revenue not available. . . . .	9,959	-	-	53,756	63,715
Income tax revenue not available . . . . .	344,037	98,281	98,281	1,651	542,250
Intergovernmental revenue not available . . . . .	99,218	-	-	276,664	375,882
Total deferred inflows of resources . . . . .	<u>1,094,583</u>	<u>98,281</u>	<u>98,281</u>	<u>655,893</u>	<u>1,947,038</u>
<b>Fund balances:</b>					
Nonspendable . . . . .	3,677	-	-	45,395	49,072
Restricted . . . . .	-	288,275	-	4,577,506	4,865,781
Committed. . . . .	-	-	473,961	61,299	535,260
Assigned. . . . .	351,793	-	-	-	351,793
Unassigned. . . . .	3,505,898	-	-	-	3,505,898
Total fund balances. . . . .	<u>3,861,368</u>	<u>288,275</u>	<u>473,961</u>	<u>4,684,200</u>	<u>9,307,804</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 5,149,547</u>	<u>\$ 556,095</u>	<u>\$ 1,293,170</u>	<u>\$ 5,434,619</u>	<u>\$ 12,433,431</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2016

<b>Total governmental fund balances</b>	\$	9,307,804
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,604,517
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		
Income taxes receivable	\$ 542,250	
Property and other local taxes receivable	60,239	
Accounts receivable	63,715	
Special assessments receivable	152,019	
Intergovernmental receivable	375,882	
Accrued interest receivable	2,933	
Total	1,197,038	1,197,038
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 are included in governmental activities on the statement of net position. The net position of the internal service fund, including an internal balance of \$6,146, is:		281,470
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(9,103)
Unamortized premiums on bond issuances are not recognized in the funds.		(31,437)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds		
Net pension asset	16,343	
Deferred outflows of resources	3,852,852	
Deferred inflows of resources	(157,596)	
Net pension liability	(13,076,033)	
Total	(9,364,434)	(9,364,434)
Long-term liabilities, including bonds payable, loans payable, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(3,235,000)	
OWDA loans payable	(1,981,503)	
Capital lease obligations payable	(109,239)	
Compensated absences payable	(640,782)	
Total	(5,966,524)	(5,966,524)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>18,019,331</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, 2016

	<u>General</u>	<u>Police and Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Income taxes. . . . .	\$ 6,518,367	\$ 1,636,868	\$ 1,636,867	\$ 27,494	\$ 9,819,596
Property and other local taxes. . . . .	594,317	-	-	520,946	1,115,263
Charges for services. . . . .	682,231	-	-	-	682,231
Licenses, permits and fees. . . . .	120,379	-	-	144,038	264,417
Fines and forfeitures. . . . .	444,268	-	-	300,871	745,139
Intergovernmental. . . . .	388,629	-	2,358,464	1,186,351	3,933,444
Special assessments. . . . .	-	-	-	119,791	119,791
Investment income. . . . .	62,610	-	-	40,009	102,619
Donations. . . . .	2,000	-	25,000	388,498	415,498
Increase in fair value of investments. . . . .	3,109	-	-	7,858	10,967
Other. . . . .	88,090	-	5,105	60,676	153,871
Total revenues. . . . .	<u>8,904,000</u>	<u>1,636,868</u>	<u>4,025,436</u>	<u>2,796,532</u>	<u>17,362,836</u>
<b>Expenditures:</b>					
Current:					
General government. . . . .	2,525,513	-	-	566,121	3,091,634
Security of persons and property. . . . .	-	5,411,524	-	976,054	6,387,578
Public health and welfare. . . . .	291,343	-	-	-	291,343
Transportation. . . . .	-	-	-	1,401,327	1,401,327
Community environment. . . . .	483,181	-	-	-	483,181
Leisure time activity. . . . .	650,598	-	-	-	650,598
Economic development. . . . .	89,075	-	-	297,656	386,731
Capital outlay. . . . .	-	-	4,516,353	-	4,516,353
Debt service:					
Principal retirement. . . . .	-	-	53,264	266,559	319,823
Interest and fiscal charges. . . . .	-	-	121,399	-	121,399
Total expenditures. . . . .	<u>4,039,710</u>	<u>5,411,524</u>	<u>4,691,016</u>	<u>3,507,717</u>	<u>17,649,967</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>4,864,290</u>	<u>(3,774,656)</u>	<u>(665,580)</u>	<u>(711,185)</u>	<u>(287,131)</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets. . . . .	5,175	-	-	-	5,175
Transfers in. . . . .	-	3,679,163	-	585,489	4,264,652
Transfers (out). . . . .	<u>(4,249,163)</u>	<u>-</u>	<u>-</u>	<u>(9,561)</u>	<u>(4,258,724)</u>
Total other financing sources (uses). . . . .	<u>(4,243,988)</u>	<u>3,679,163</u>	<u>-</u>	<u>575,928</u>	<u>11,103</u>
Net change in fund balances. . . . .	620,302	(95,493)	(665,580)	(135,257)	(276,028)
<b>Fund balances at beginning of year. . . . .</b>	<u>3,241,066</u>	<u>383,768</u>	<u>1,139,541</u>	<u>4,819,457</u>	<u>9,583,832</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 3,861,368</u>	<u>\$ 288,275</u>	<u>\$ 473,961</u>	<u>\$ 4,684,200</u>	<u>\$ 9,307,804</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, 2016

<b>Net change in fund balances - total governmental funds</b>	\$	(276,028)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 3,387,670	
Current year depreciation	(1,400,421)	
Total		1,987,249
The net effect of various transactions involving capital assets is to decrease net position.		(77,929)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income tax revenue	(1,371)	
Property and other local tax revenue	9,464	
Special assessments revenue	(3,126)	
Intergovernmental revenue	(8,722)	
Investment income	1,025	
Other revenue	63,715	
Total		60,985
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		319,823
In the statement of activities, interest is accrued on outstanding bonds, whereas, in the governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities.		
Decrease in accrued interest payable	288	
Amortization of bond premium	2,124	
Total		2,412
Contractually required pension contributions are reported as an expenditure in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,051,779
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities.		(1,891,614)
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.		(38,363)
The internal service fund used by management to charge the costs of health care to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance activity of (\$32,585), is allocated among the governmental activities.		(10,043)
<b>Change in net position of governmental activities</b>	\$	<u>1,128,271</u>

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, 2016

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 6,419,528	\$ 6,419,528	\$ 6,610,431	\$ 190,903
Property and other local taxes . . . . .	589,451	589,451	598,333	8,882
Charges for services . . . . .	709,900	709,900	682,521	(27,379)
Licenses, permits and fees . . . . .	97,300	97,300	120,379	23,079
Fines and forfeitures . . . . .	458,100	458,100	447,910	(10,190)
Intergovernmental . . . . .	418,900	418,900	390,583	(28,317)
Investment income . . . . .	25,000	25,000	75,962	50,962
Donations . . . . .	-	-	2,000	2,000
Other . . . . .	70,000	70,000	102,541	32,541
Total revenues . . . . .	<u>8,788,179</u>	<u>8,788,179</u>	<u>9,030,660</u>	<u>242,481</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,821,493	2,862,633	2,622,274	240,359
Public health and welfare . . . . .	306,097	316,097	302,509	13,588
Community environment . . . . .	550,251	553,621	483,312	70,309
Leisure time activity . . . . .	683,205	698,605	669,144	29,461
Economic development . . . . .	130,785	130,785	89,160	41,625
Total expenditures . . . . .	<u>4,491,831</u>	<u>4,561,741</u>	<u>4,166,399</u>	<u>395,342</u>
Excess of revenues over expenditures . . . . .	<u>4,296,348</u>	<u>4,226,438</u>	<u>4,864,261</u>	<u>637,823</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	10,000	10,000	5,175	(4,825)
Transfers (out) . . . . .	<u>(4,420,000)</u>	<u>(4,420,000)</u>	<u>(4,249,163)</u>	<u>170,837</u>
Total other financing sources (uses) . . . . .	<u>(4,410,000)</u>	<u>(4,410,000)</u>	<u>(4,243,988)</u>	<u>166,012</u>
Net change in fund balances . . . . .	(113,652)	(183,562)	620,273	803,835
<b>Fund balances at beginning of year. . . . .</b>	2,192,307	2,192,307	2,192,307	-
<b>Prior year encumbrances appropriated. . . . .</b>	112,728	112,728	112,728	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 2,191,383</u>	<u>\$ 2,121,473</u>	<u>\$ 2,925,308</u>	<u>\$ 803,835</u>

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)  
 POLICE AND FIRE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<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 . . . . .	\$ 1,698,715	\$ 1,642,013	\$ 1,660,077	\$ 18,064
Total revenues . . . . .	<u>1,698,715</u>	<u>1,642,013</u>	<u>1,660,077</u>	<u>18,064</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	5,864,935	5,681,613	5,452,828	228,785
Total expenditures . . . . .	<u>5,864,935</u>	<u>5,681,613</u>	<u>5,452,828</u>	<u>228,785</u>
Excess of expenditures over revenues . . . . .	<u>(4,166,220)</u>	<u>(4,039,600)</u>	<u>(3,792,751)</u>	<u>246,849</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	3,793,297	3,666,678	3,679,163	12,485
Total other financing sources . . . . .	<u>3,793,297</u>	<u>3,666,678</u>	<u>3,679,163</u>	<u>12,485</u>
Net change in fund balances . . . . .	(372,923)	(372,922)	(113,588)	259,334
<b>Fund balances at beginning of year. . . . .</b>	323,748	323,748	323,748	-
<b>Prior year encumbrances appropriated. . . . .</b>	50,821	50,821	50,821	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,646</u>	<u>\$ 1,647</u>	<u>\$ 260,981</u>	<u>\$ 259,334</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2016

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 4,926,698	\$ 2,980,855	\$ 421,617	\$ 8,329,170	\$ 286,986
Receivables (net of allowance for uncollectibles):					
Accounts . . . . .	225,506	161,788	79,010	466,304	-
Accrued interest . . . . .	10,509	6,239	-	16,748	630
Due from other governments. . . . .	405	687	-	1,092	-
Special assessments . . . . .	-	24,725	-	24,725	-
Materials and supplies inventory. . . . .	6,893	66,209	-	73,102	-
Total current assets. . . . .	<u>5,170,011</u>	<u>3,240,503</u>	<u>500,627</u>	<u>8,911,141</u>	<u>287,616</u>
Noncurrent assets:					
Restricted equity in pooled cash and cash equivalents . . . . .	-	-	484,767	484,767	-
Restricted cash in segregated accounts . . . . .	-	-	74,942	74,942	-
Net pension asset . . . . .	5,704	6,058	-	11,762	-
Capital assets:					
Land and construction in progress. . . . .	1,664,999	2,357,099	-	4,022,098	-
Depreciable capital assets, net. . . . .	<u>43,709,811</u>	<u>23,640,208</u>	<u>-</u>	<u>67,350,019</u>	<u>-</u>
Total capital assets, net . . . . .	<u>45,374,810</u>	<u>25,997,307</u>	<u>-</u>	<u>71,372,117</u>	<u>-</u>
Total noncurrent assets . . . . .	<u>45,380,514</u>	<u>26,003,365</u>	<u>559,709</u>	<u>71,943,588</u>	<u>-</u>
Total assets . . . . .	<u>50,550,525</u>	<u>29,243,868</u>	<u>1,060,336</u>	<u>80,854,729</u>	<u>287,616</u>
<b>Deferred outflows of resources:</b>					
Unamortized deferred charges on refunding. . . .	-	93,774	-	93,774	-
Pension - OPERS. . . . .	<u>454,992</u>	<u>483,215</u>	<u>-</u>	<u>938,207</u>	<u>-</u>
Total deferred outflows of resources . . . . .	<u>\$ 454,992</u>	<u>\$ 576,989</u>	<u>\$ -</u>	<u>\$ 1,031,981</u>	<u>\$ -</u>

-- Continued



**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2016

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable . . . . .	\$ 23,972	\$ 63,826	\$ 46,337	\$ 134,135	\$ -
Contracts payable . . . . .	220,471	151,135	-	371,606	-
Accrued wages and benefits payable . . . . .	20,428	21,547	-	41,975	-
Due to other governments . . . . .	15,041	23,917	-	38,958	-
Accrued interest payable. . . . .	13,779	7,836	-	21,615	-
Payable from restricted assets:					
Refundable deposits . . . . .	-	-	484,767	484,767	-
Bond anticipation notes payable . . . . .	1,505,000	-	-	1,505,000	-
Compensated absences payable - current . . . . .	76,712	63,955	-	140,667	-
General obligation bonds payable - current. . . . .	300,000	835,000	-	1,135,000	-
Special assessment bonds payable - current . . . . .	10,111	-	-	10,111	-
OWDA loans payable - current . . . . .	1,583,891	193,167	-	1,777,058	-
OPWC loans payable - current. . . . .	10,710	36,065	-	46,775	-
Total current liabilities. . . . .	<u>3,780,115</u>	<u>1,396,448</u>	<u>531,104</u>	<u>5,707,667</u>	<u>-</u>
Long-term liabilities:					
Compensated absences payable . . . . .	15,939	61,002	-	76,941	-
General obligation bonds payable . . . . .	2,146,415	4,148,108	-	6,294,523	-
Special assessment bonds payable . . . . .	33,959	-	-	33,959	-
OWDA loans payable . . . . .	20,838,866	5,853,146	-	26,692,012	-
OPWC loans payable. . . . .	26,774	1,450,259	-	1,477,033	-
Net pension liability . . . . .	1,131,842	1,202,049	-	2,333,891	-
Total noncurrent liabilities. . . . .	<u>24,193,795</u>	<u>12,714,564</u>	<u>-</u>	<u>36,908,359</u>	<u>-</u>
Total liabilities . . . . .	<u>27,973,910</u>	<u>14,111,012</u>	<u>531,104</u>	<u>42,616,026</u>	<u>-</u>
<b>Deferred inflows of resources:</b>					
Pension - OPERS. . . . .	41,415	43,984	-	85,399	-
<b>Net position:</b>					
Net investment in capital assets . . . . .	18,698,613	13,433,795	-	32,132,408	-
Unrestricted . . . . .	4,291,579	2,232,066	529,232	7,052,877	287,616
Total net position . . . . .	<u>\$ 22,990,192</u>	<u>\$ 15,665,861</u>	<u>\$ 529,232</u>	<u>39,185,285</u>	<u>\$ 287,616</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				6,146	
Net position of business-type activities				<u>\$ 39,191,431</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Operating revenues:</b>					
Charges for services . . . . .	\$ 7,033,171	\$ 5,893,086	\$ 952,016	\$ 13,878,273	\$ 2,835,070
Tap-in fees . . . . .	-	26,547	-	26,547	-
Other . . . . .	11,121	10,276	5,374	26,771	-
Total operating revenues . . . . .	<u>7,044,292</u>	<u>5,929,909</u>	<u>957,390</u>	<u>13,931,591</u>	<u>2,835,070</u>
<b>Operating expenses:</b>					
Personal services . . . . .	2,126,620	2,060,638	-	4,187,258	-
Contract services . . . . .	464,960	528,278	-	993,238	-
Materials and supplies . . . . .	400,208	913,089	-	1,313,297	-
Administrative costs . . . . .	35,718	5,466	-	41,184	-
Utilities . . . . .	246,985	219,488	1,038,246	1,504,719	-
Claims. . . . .	-	-	-	-	2,814,769
Depreciation. . . . .	1,306,897	825,571	-	2,132,468	-
Other. . . . .	83	2,094	27	2,204	-
Total operating expenses . . . . .	<u>4,581,471</u>	<u>4,554,624</u>	<u>1,038,273</u>	<u>10,174,368</u>	<u>2,814,769</u>
Operating income (loss). . . . .	<u>2,462,821</u>	<u>1,375,285</u>	<u>(80,883)</u>	<u>3,757,223</u>	<u>20,301</u>
<b>Nonoperating revenues (expenses):</b>					
Interest revenue . . . . .	47,094	27,410	-	74,504	2,241
Gain (loss) on sale of capital assets . . . . .	1,001	(1,970)	-	(969)	-
Interest and fiscal charges . . . . .	(730,045)	(362,488)	-	(1,092,533)	-
Bond issuance costs. . . . .	(63,789)	(130,293)	-	(194,082)	-
Total nonoperating revenues (expenses) . . . . .	<u>(745,739)</u>	<u>(467,341)</u>	<u>-</u>	<u>(1,213,080)</u>	<u>2,241</u>
Income (loss) before transfers and capital contributions . . . . .	1,717,082	907,944	(80,883)	2,544,143	22,542
Transfers in. . . . .	9,561	-	-	9,561	-
Transfers (out). . . . .	(15,489)	-	-	(15,489)	-
Capital contributions . . . . .	255,808	130,275	-	386,083	-
Change in net position. . . . .	<u>1,966,962</u>	<u>1,038,219</u>	<u>(80,883)</u>	<u>2,924,298</u>	<u>22,542</u>
<b>Net position at beginning of year. . . . .</b>	<u>21,023,230</u>	<u>14,627,642</u>	<u>610,115</u>		<u>265,074</u>
<b>Net position at end of year. . . . .</b>	<u>\$ 22,990,192</u>	<u>\$ 15,665,861</u>	<u>\$ 529,232</u>		<u>\$ 287,616</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>32,585</u>	
Change in net position of business-type activities				<u>\$ 2,956,883</u>	

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, 2016

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>					
Cash received from charges for services . . . . .	\$ 7,151,932	\$ 5,982,681	\$ 1,020,816	\$ 14,155,429	\$ 2,835,070
Cash received from tap-in fees . . . . .	-	26,547	-	26,547	-
Cash received from other operations . . . . .	9,623	10,687	5,374	25,684	-
Cash payments for personal services . . . . .	(2,053,288)	(2,032,901)	-	(4,086,189)	-
Cash payments for contractual services . . . . .	(463,173)	(505,027)	-	(968,200)	-
Cash payments for administrative costs . . . . .	(40,463)	(18,611)	-	(59,074)	-
Cash payments for materials and supplies . . . . .	(401,819)	(895,675)	-	(1,297,494)	-
Cash payments for claims . . . . .	-	-	-	-	(2,814,884)
Cash payments for utilities . . . . .	(246,808)	(219,015)	(991,909)	(1,457,732)	-
Cash payments for other operations . . . . .	(83)	(2,094)	(16,952)	(19,129)	-
Net cash provided by operating activities . . . . .	<u>3,955,921</u>	<u>2,346,592</u>	<u>17,329</u>	<u>6,319,842</u>	<u>20,186</u>
<b>Cash flows from noncapital financing activities:</b>					
Cash received from transfers in . . . . .	9,561	-	-	9,561	-
Cash payments for transfers out . . . . .	(15,489)	-	-	(15,489)	-
Net cash used in noncapital financing activities . . . . .	<u>(5,928)</u>	<u>-</u>	<u>-</u>	<u>(5,928)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Cash received from sale of capital assets . . . . .	1,001	-	-	1,001	-
Cash payments for the acquisition of capital assets . . . . .	(1,573,714)	(2,929,597)	-	(4,503,311)	-
Cash received from issuance of loans . . . . .	89,730	1,430,661	-	1,520,391	-
Cash received from issuance of notes . . . . .	1,505,000	-	-	1,505,000	-
Cash received from issuance of bonds . . . . .	2,620,000	5,054,999	-	7,674,999	-
Cash received from premium on debt issuances . . . . .	157,939	336,094	-	494,033	-
Cash payments for principal retirement . . . . .	(5,808,386)	(2,897,307)	-	(8,705,693)	-
Cash payments for interest and fiscal charges . . . . .	(769,541)	(425,568)	-	(1,195,109)	-
Cash payments for bond issuance costs . . . . .	(63,789)	(130,293)	-	(194,082)	-
Cash payments to refunded bond escrow agent . . . . .	-	(3,330,471)	-	(3,330,471)	-
Cash received from capital contributions . . . . .	157,000	130,275	-	287,275	-
Net cash used in capital and related financing activities . . . . .	<u>(3,684,760)</u>	<u>(2,761,207)</u>	<u>-</u>	<u>(6,445,967)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>					
Cash received from interest earned . . . . .	43,131	25,891	-	69,022	2,001
Net cash provided by investing activities . . . . .	<u>43,131</u>	<u>25,891</u>	<u>-</u>	<u>69,022</u>	<u>2,001</u>
Net increase (decrease) in cash and cash equivalents . . . . .	308,364	(388,724)	17,329	(63,031)	22,187
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>4,618,334</u>	<u>3,369,579</u>	<u>963,997</u>	<u>8,951,910</u>	<u>264,799</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 4,926,698</u>	<u>\$ 2,980,855</u>	<u>\$ 981,326</u>	<u>\$ 8,888,879</u>	<u>\$ 286,986</u>

- - Continued

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss) . . . . .	\$ 2,462,821	\$ 1,375,285	\$ (80,883)	\$ 3,757,223	\$ 20,301
Adjustments:					
Depreciation. . . . .	1,306,897	825,571	-	2,132,468	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable. . . . .	117,668	86,762	(6,925)	197,505	-
Decrease in special assessments receivable. . . . .	-	3,533	-	3,533	-
Decrease in materials and supplies inventory . . . . .	10,568	4,346	-	14,914	-
Increase in due from other governments. . . . .	(405)	(289)	-	(694)	-
Increase in net pension asset. . . . .	(1,329)	(1,290)	-	(2,619)	-
Increase in deferred outflows - pension - OPERS. . . . .	(305,814)	(320,616)	-	(626,430)	-
Increase (decrease) in accounts payable . . . . .	(14,737)	15,587	46,337	47,187	(115)
Increase in accrued wages and benefits . . . . .	4,957	5,170	-	10,127	-
Increase in compensated absences payable. . . . .	44,058	16,065	-	60,123	-
Decrease in due to other governments . . . . .	(9,189)	(1,807)	-	(10,996)	-
Increase in utility deposits payable. . . . .	-	-	58,800	58,800	-
Increase in net pension liability. . . . .	316,958	313,852	-	630,810	-
Increase in deferred inflows - pension - OPERS. . . . .	23,468	24,423	-	47,891	-
Net cash provided by operating activities . . . . .	<u>\$ 3,955,921</u>	<u>\$ 2,346,592</u>	<u>\$ 17,329</u>	<u>\$ 6,319,842</u>	<u>\$ 20,186</u>

**Non-cash transactions:**

At December 31, 2016 and December 31, 2015, the sewer fund purchased \$220,471 and \$54,062 in capital assets on account, respectively. During 2016, the sewer fund received \$98,808 in capital contributions from governmental activities. At December 31, 2016 and December 31, 2015, the water fund purchased \$151,135 and \$8,222 in capital assets on account, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2016

	<u>Agency</u>
<b>Assets:</b>	
Cash in segregated accounts . . . . .	<u>\$ 7,200</u>
Total assets. . . . .	<u>\$ 7,200</u>
<b>Liabilities:</b>	
Due to other governments . . . . .	<u>\$ 7,200</u>
Total liabilities. . . . .	<u>\$ 7,200</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, 2016**

**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’s significant accounting policies are described below.

**A. Reporting Entity**

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 Governing 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 their relationship with the City:

***JOINTLY GOVERNED ORGANIZATIONS***

***Maumee Valley Planning Organization (MVPO)*** - The City is a member of the 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 the 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.

The 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 source of revenue is fees charged by the MVPO to administer CDBG grants, and a per capita amount from each participating city.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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 the MVPO including budgeting, contracting, and designating management. The City has no ongoing financial interest or responsibility for the MVPO. In 2016, the City contributed \$83,062 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 (JEDD). The JEDD is wholly situated within Noble Township, Defiance County. The purpose of the JEDD is to facilitate economic development to create and preserve employment opportunities within the JEDD.

The JEDD is governed by a Board of Directors consisting of five members. The Board of Directors is made up of one representative appointed by the City, Noble Township, the JEDD business owners' association, the JEDD employees' association, and one "at-large member". The main source of revenue is a tax levied upon the income earned by persons working in the JEDD, and the net profits of businesses located in the JEDD. 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 from 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 Governing Board has not been explicitly defined, nor is it currently measurable. In 2016, the City contributed \$25,000 to the MANTF. 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 of Trustees 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, the 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.

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 Defiance 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 of Trustees is limited to its representation on the Board of Trustees. The City made \$34 in payments to the Corporation in 2016. Information can be obtained from Jerry Hayes, Executive Director, 1300 East Second Street, Suite 201, Defiance, Ohio 43512.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

*RELATED ORGANIZATION*

*Defiance Public Library (Library)* - The 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, Charlene Lee, Chief Fiscal Officer, 320 Fort Street, Defiance, Ohio 43512.

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

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

***Government-wide Financial Statements*** - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service 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 position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City. The City does not eliminate interfund services provided and used when consolidating activities.

***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.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

Police and fire fund - The police and fire fund accounts for and reports financial resources resulting from the City's additional 0.3% income tax levy that are restricted for use in the operations of the police and fire departments.

Capital improvements fund - The capital improvements fund accounts for financial resources that are committed to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Other governmental funds of the City are used to account for (a) financial resources that are restricted for expenditures related to building renovations and improvements of the City's courthouse, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

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

Water fund - This fund accounts for the provision of water treatment and distribution to the residential 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 basic financial statements.

**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.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

*Fiduciary Funds* - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and 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 that 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

*Fund Financial Statements* - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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 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.

**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 inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

*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 the 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, grants and entitlements, and donations. On the 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 and 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

For the City, see Note 15 for deferred inflows of resources related to the City's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**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, both 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 appropriations 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 City 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 appropriations 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 appropriations 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 insurance provider is responsible for all claims.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**H. Cash and Investments**

To improve cash management, cash received by the City, other than 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 basic financial statements.

During 2016, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), the City's own bonds, negotiable and nonnegotiable certificates of deposit, a U.S. Government money market mutual fund, commercial paper, and federal agency securities. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost.

During 2016, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue earned and credited to the general fund during 2016 amounted to \$62,610, which included \$37,937 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 museum trust, environmental trust, and municipal court operations. These interest bearing depository accounts are presented on the basic financial statements as "cash in segregated accounts" 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 basic 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 and environmental trust resources in the nonmajor enterprise funds are classified as restricted assets because these funds are being held for specified purposes.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**J. Inventories of Materials and Supplies**

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and expenses in the proprietary funds when used.

On the governmental fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

**K. Capital Assets**

General capital assets are capital assets that are associated with, and generally arise from, governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the governmental fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and 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 of \$2,500. The City's infrastructure consists primarily 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 - 20 years
Buildings and improvements	15 - 45 years	15 - 50 years
Equipment	10 - 20 years	10 - 30 years
Infrastructure	30 years	30 - 50 years
Vehicles	6 - 15 years	6 - 15 years

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**L. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments 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 leave 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 year end 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.

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 leave, and one day for every seven days for accumulated sick leave in excess of 120 days upon retirement, if hired prior to August 1, 1998. Non-bargaining employees with a minimum of ten years of service hired after August 1, 1998 are paid one day for every two days accumulated sick leave, not to exceed 120 days.

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 22 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 24-hour days. An IAFF bargaining unit individual with 22 or more years of service who retires or resigns from the City shall be eligible for payment for one-half of accrued, but unused sick leave up to a maximum payment for 50 24-hour days.

The total liability for vacation leave 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 leave and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation leave and sick leave at various rates.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded, when applicable, in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**M. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on 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, net pension liability, and claims and judgements that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, and capital lease obligations are recognized as liabilities on the governmental fund financial statements when due.

On the government-wide financial statements and proprietary fund financial statements, bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums.

**N. Interfund Activity**

Transfers between governmental activities and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. The net residual amounts due between governmental activities and business-type activities are presented as internal balances.

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 basic financial statements.

**O. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. City Council has, by ordinance, authorized the Finance Director to assign fund balance. The City may also assign fund balance in the general fund when appropriating fund balance to cover a gap between estimated receipts and appropriations in the subsequent year's appropriated budget.

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

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

**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.

During 2016, the water and sewer funds received \$130,275 and \$157,000, respectively, in capital contributions in the form of grants restricted to capital acquisition and construction. The sewer fund also received \$98,808 in capital contributions from the governmental activities.

**Q. Estimates**

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

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**R. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists of resources restricted to court computerization, cable television franchise fees, and peace officer training.

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

**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 events that are within the control of management and are either unusual in nature or infrequent in occurrence. The City reported neither type of transaction during 2016.

**T. Bond Issuance Costs/Bond Premium and Discount/Deferred Charges on Refunding**

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are 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.

On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 12.

For current and 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 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 a deferred inflow of resources or a deferred outflow of resources.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**U. Pensions**

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

**V. Fair Value Measurements**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For 2016, the City has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the City.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 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, 2016

#### **NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the City.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the City.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

#### **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, 2016

**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 items (1) and (2) above 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, 2016

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

**A. Cash on Hand**

At December 31, 2016, the City had \$2,250 in undeposited cash on hand, which is included on the basic financial statements of the City as part of “equity in pooled cash and cash equivalents”.

**B. Cash in Segregated Accounts**

At December 31, 2016, the City had \$406,533 in cash in segregated accounts held for museum trust, environmental trust, and municipal court operations. This amount is not included in “Deposits with Financial Institutions” below.

**C. Deposits with Financial Institutions**

At December 31, 2016, the carrying amount of all City deposits was \$9,851,680. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2016, \$3,617,845 of the City’s bank balance of \$10,221,889 was exposed to custodial credit risk as discussed below, while \$6,604,044 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.

**D. Investments**

At December 31, 2016, the City had the following investments and maturities:

Measurement\ Investment Type	Measurement Value	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
Amortized cost:						
STAR Ohio	\$ 64,359	\$ 64,359	\$ -	\$ -	\$ -	\$ -
Fair value:						
City owned bonds	44,068	-	10,111	-	10,692	23,265
FHLMC	1,694,384	-	-	-	-	1,694,384
FNMA	486,105	-	-	-	-	486,105
Commercial paper	1,655,553	1,159,443	496,110	-	-	-
Negotiable CDs	2,995,941	-	-	-	498,305	2,497,636
U.S. Government money market	3,433	3,433	-	-	-	-
Total	<u>\$ 6,943,843</u>	<u>\$ 1,227,235</u>	<u>\$ 506,221</u>	<u>\$ -</u>	<u>\$ 508,997</u>	<u>\$ 4,701,390</u>

The weighted average maturity of investments is 2.27 years.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

The City’s investment in a U.S. Government money market is valued using quoted prices in active markets (Level 1 inputs). The City’s investments in federal agency securities, negotiable certificates of deposit, City owned bonds and commercial paper are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The U.S. Government money market mutual fund carries a rating of AAAM by Standard & Poor’s. The City’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The City’s investments in commercial paper were rated A-1 or A-1+ by Standard & Poor’s and P-1 by Moody’s Investor Services. The City’s investments in negotiable certificates of deposit are fully insured by the FDIC. The City’s investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its 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 percentage of each investment type held by the City at December 31, 2016 follows:

Measurement\ Investment Type	Measurement Value	% of Total
Amortized cost:		
STAR Ohio	\$ 64,359	0.93
Fair value:		
City owned bonds	44,068	0.63
FHLMC	1,694,384	24.40
FNMA	486,105	7.00
Commercial paper	1,655,553	23.84
Negotiable CDs	2,995,941	43.15
U.S. Government money market	<u>3,433</u>	<u>0.05</u>
Total	<u>\$ 6,943,843</u>	<u>100.00</u>



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**E. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position at December 31, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,851,680
Investments	6,943,843
Cash in segregated accounts	406,533
Cash on hand	<u>2,250</u>
Total	<u>\$ 17,204,306</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,308,227
Business-type activities	8,888,879
Agency fund	<u>7,200</u>
Total	<u>\$ 17,204,306</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

During 2016, interfund transfers consisted of the following, as reported in the fund financial statements:

<u>Transfers from the general fund to:</u>	
Police and fire fund	\$ 3,679,163
Nonmajor governmental funds	570,000
<u>Transfer from the sewer fund to:</u>	
Nonmajor bond retirement fund	15,489
<u>Transfer from nonmajor bond retirement fund to:</u>	
Sewer fund	<u>9,561</u>
Total transfers	<u>\$ 4,274,213</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.

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 in the statement of activities.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 6 - PROPERTY TAXES**

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2016 and for which there is an enforceable legal claim. In the governmental funds, property and other local taxes receivable has been offset by a deferred inflow of resources for the current portion, since the current taxes were not levied to finance 2016 operations, and the delinquent portion, 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 unavailable.

The full tax rate for all City operations for the year ended December 31, 2016 was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2016 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 189,364,380
Commercial/industrial/mineral	85,238,710

Public utility

Real	47,080
Personal	<u>34,607,230</u>
Total assessed value	<u><u>\$ 309,257,400</u></u>

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 7 - LOCAL INCOME TAX**

The locally levied income tax rate of 1.5 percent was increased to 1.8 percent effective January 1, 2014, and is applied to gross salaries, wages, and other personal service compensation earned by residents both within and outside of the City, and to earnings of nonresidents (except certain transients) earned within 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 they are measurable and available to finance current operations at December 31, 2016. Income tax revenue for 2016 was \$9,819,596 on the modified accrual basis of accounting.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2016 consisted of income taxes, property and other local taxes, accounts (billings for user charged services), loans receivable, special assessments, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2016.

A list of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Income taxes	\$1,456,784
Property and other local taxes	892,131
Accounts	413,775
Loans receivable	847,232
Special assessments	152,019
Accrued interest	9,850
Due from other governments	595,634

**Business-type activities:**

Accounts	466,304
Special assessments	24,725
Accrued interest	16,748
Due from other governments	1,092

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments, which are collected over the life of the assessments, and loans receivable, which are collected over the term of the loans.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 9 - CAPITAL ASSETS**

The following activity occurred in the City's governmental activities capital assets during 2016:

	Balance			Balance
<b><u>Governmental activities:</u></b>	<u>January 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2016</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,378,358	\$ -	\$ -	\$ 1,378,358
Construction in progress	<u>775,714</u>	<u>2,595,860</u>	<u>(1,102,168)</u>	<u>2,269,406</u>
<i>Total capital assets, not being depreciated</i>	<u>2,154,072</u>	<u>2,595,860</u>	<u>(1,102,168)</u>	<u>3,647,764</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	9,581,768	17,799	(4,704)	9,594,863
Improvements other than buildings	2,359,182	464,576	-	2,823,758
Equipment	2,589,376	177,738	(58,577)	2,708,537
Vehicles	3,078,294	308,204	(219,807)	3,166,691
Infrastructure	<u>21,099,864</u>	<u>921,769</u>	<u>-</u>	<u>22,021,633</u>
<i>Total capital assets, being depreciated</i>	<u>38,708,484</u>	<u>1,890,086</u>	<u>(283,088)</u>	<u>40,315,482</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(4,464,096)	(250,015)	2,823	(4,711,288)
Improvements other than buildings	(972,700)	(104,972)	-	(1,077,672)
Equipment	(1,763,195)	(141,727)	42,068	(1,862,854)
Vehicles	(2,150,540)	(230,830)	164,160	(2,217,210)
Infrastructure	<u>(10,816,828)</u>	<u>(672,877)</u>	<u>-</u>	<u>(11,489,705)</u>
<i>Total accumulated depreciation</i>	<u>(20,167,359)</u>	<u>(1,400,421)</u>	<u>209,051</u>	<u>(21,358,729)</u>
Total capital assets, net	<u>\$ 20,695,197</u>	<u>\$ 3,085,525</u>	<u>\$ (1,176,205)</u>	<u>\$ 22,604,517</u>

Depreciation expense was charged to governmental activities as follows:

<b><u>Governmental activities:</u></b>	
General government	\$ 218,212
Security of persons and property	201,941
Public health and welfare	49,526
Transportation	784,671
Community environment	32,771
Leisure time activity	<u>113,300</u>
Total depreciation expense - governmental activities	<u>\$ 1,400,421</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

The following activity occurred in the City's business-type activities capital assets during 2016:

	Balance			Balance
<b><u>Business-type activities:</u></b>	<u>January 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2016</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 359,741	\$ -	\$ -	\$ 359,741
Construction in progress	<u>5,212,281</u>	<u>4,258,009</u>	<u>(5,807,933)</u>	<u>3,662,357</u>
<i>Total capital assets, not being depreciated</i>	<u>5,572,022</u>	<u>4,258,009</u>	<u>(5,807,933)</u>	<u>4,022,098</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,003,504	-	-	1,003,504
Buildings and improvements	30,321,568	-	-	30,321,568
Equipment	3,918,098	360,881	(55,068)	4,223,911
Vehicles	1,155,131	25,441	(20,528)	1,160,044
Infrastructure	<u>59,499,213</u>	<u>6,075,043</u>	<u>-</u>	<u>65,574,256</u>
<i>Total capital assets, being depreciated</i>	<u>95,897,514</u>	<u>6,461,365</u>	<u>(75,596)</u>	<u>102,283,283</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(716,869)	(30,995)	-	(747,864)
Buildings and improvements	(14,041,552)	(666,859)	-	(14,708,411)
Equipment	(2,173,689)	(180,138)	54,809	(2,299,018)
Vehicles	(755,876)	(89,815)	18,817	(826,874)
Infrastructure	<u>(15,186,436)</u>	<u>(1,164,661)</u>	<u>-</u>	<u>(16,351,097)</u>
<i>Total accumulated depreciation</i>	<u>(32,874,422)</u>	<u>(2,132,468)</u>	<u>73,626</u>	<u>(34,933,264)</u>
Total capital assets, net	<u>\$ 68,595,114</u>	<u>\$ 8,586,906</u>	<u>\$ (5,809,903)</u>	<u>\$ 71,372,117</u>

Depreciation expense was charged to business-type activities as follows:

<b><u>Business-type activities:</u></b>	
Sewer	\$ 1,306,897
Water	<u>825,571</u>
Total depreciation expense - business-type activities	<u>\$ 2,132,468</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

Compensated Absences

Accumulated Unpaid Vacation Leave

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 \$438,507 at December 31, 2016. 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 for the City as a whole amounted to \$419,883 at December 31, 2016. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

**NOTE 11 - CAPITAL LEASES**

In 2014, the City entered into a capital lease agreement for a tractor. This lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The tractor has been capitalized in the governmental activities. The cost of the capital asset resulting from the capital lease in the governmental activities totals \$196,890, which represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2016, accumulated depreciation was \$82,038, resulting in a net book value of \$114,852. A corresponding liability has been recorded in the governmental activities long-term obligations. Principal payments in 2016 totaled \$28,264. The capital lease payments were made from the capital improvements fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement, and the present value of the minimum lease payments as of December 31, 2016:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 31,839
2018	31,840
2019	<u>51,800</u>
Total	115,479
Less: amount representing interest	<u>(6,240)</u>
Present value of net minimum lease payments	<u><u>\$ 109,239</u></u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 12 - LONG-TERM OBLIGATIONS**

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

During 2016, the following changes occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	Original Amount	Balance 1/1/16	Additions	Reductions	Balance 12/31/16	Amount Due in One Year
General obligation bonds:						
Series 2011 Bonds - 2.00-4.00%	\$4,075,000	\$ 3,410,000	\$ -	\$ (175,000)	\$ 3,235,000	\$ 175,000
OWDA loan - 0%	2,331,180	2,098,062	-	(116,559)	1,981,503	116,559
Capital lease obligation	196,890	137,503	-	(28,264)	109,239	28,999
Net pension liability		9,873,352	3,202,681	-	13,076,033	-
Compensated absences		<u>602,419</u>	<u>364,931</u>	<u>(326,568)</u>	<u>640,782</u>	<u>297,840</u>
Total		<u>\$ 16,121,336</u>	<u>\$3,567,612</u>	<u>\$ (646,391)</u>	19,042,557	<u>\$ 618,398</u>
Add: unamortized bond premium					<u>31,437</u>	
Total on statement of net position					<u>\$ 19,073,994</u>	

General Obligation Bonds

On October 4, 2011, the City issued general obligation bonds (Municipal Court Improvement Bonds, Series 2011). These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds were issued to provide resources for building renovations and improvements to the City's courthouse. The bonds have an annual interest rate ranging from 2.00% to 4.00% and are scheduled to mature on December 1, 2031. Principal and interest payments on the general obligation bonds are being made from the capital improvements fund and the special projects fund (a nonmajor governmental fund).

OWDA Loan

In 2012, the City entered into an interest free debt financing arrangement to fund Richland Township sanitary sewer improvements through the Ohio Water Development Authority (OWDA). The City's total borrowing on this loan was \$2,331,180. Loan repayments began in 2014 and are scheduled to continue through 2033. The debt service payments are reported in the bond retirement fund (a nonmajor governmental fund).

Capital Lease Obligation

The capital lease obligation is described in Note 11.

Compensated Absences

The compensated absences will be paid primarily out of the general fund and the police and fire fund.

Net Pension Liability

The net pension liability is described in Note 15.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Future Debt Service Requirements

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>OWDA Loan</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>
2017	\$ 175,000	\$ 110,450	\$ 285,450	\$ 116,559
2018	180,000	106,075	286,075	116,559
2019	185,000	98,875	283,875	116,559
2020	190,000	93,325	283,325	116,559
2021	195,000	87,625	282,625	116,559
2022 - 2026	1,060,000	344,088	1,404,088	582,795
2027 - 2031	1,250,000	147,432	1,397,432	582,795
2032 - 2033	-	-	-	233,118
<b>Total</b>	<b>\$ 3,235,000</b>	<b>\$ 987,870</b>	<b>\$ 4,222,870</b>	<b>\$ 1,981,503</b>

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2016, the City's voted debt margin was \$29,807,741 and the unvoted debt margin was \$17,009,157.

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

During 2016, the following changes occurred in business-type activities long-term obligations.

<u>Business-type activities:</u>	Interest Rate	Balance 1/1/16	Additions	Reductions	Balance 12/31/16	Amount Due in One Year
<u>General obligation bonds:</u>						
Waterworks - Series 2005 Refunding	4.00-5.00%	\$ 1,900,000	\$ -	\$ (1,900,000)	\$ -	\$ -
Waterworks - Series 2007 Refunding	4.50-5.25%	3,550,000	-	(3,550,000)	-	-
<u>Waterworks - Series 2016 Refunding:</u>						
Current interest bonds	0.75-2.23%	-	2,970,000	(35,000)	2,935,000	465,000
Capital appreciation bonds	2.15%	-	209,999	-	209,999	-
Accreted interest		-	9,594	-	9,594	-
Waterworks - Series 2016A Refunding	3.00%	-	1,875,000	(355,000)	1,520,000	370,000
Sewer - Series 2016B Improvement	3.00%	-	2,620,000	(305,000)	2,315,000	300,000
Total general obligation bonds		<u>5,450,000</u>	<u>7,684,593</u>	<u>(6,145,000)</u>	<u>6,989,593</u>	<u>1,135,000</u>
<u>Special assessment bonds:</u>						
Sewer Street Improvements - Series 2000	5.75%	<u>53,631</u>	<u>-</u>	<u>(9,561)</u>	<u>44,070</u>	<u>10,111</u>
<u>Bond anticipation notes:</u>						
Sewer - 2015 Bond Anticipation Notes	1.000%	<u>2,704,000</u>	<u>-</u>	<u>(2,704,000)</u>	<u>-</u>	<u>-</u>
<u>Other long-term obligations:</u>						
OWDA loans	2.38-4.14%	30,198,958	89,730	(1,819,618)	28,469,070	1,777,058
OPWC loans	0.00-4.00%	155,661	1,430,661	(62,514)	1,523,808	46,775
Net pension liability		1,703,081	630,810	-	2,333,891	-
Compensated absences		<u>157,485</u>	<u>163,316</u>	<u>(103,193)</u>	<u>217,608</u>	<u>140,667</u>
Total other long-term obligations		<u>32,215,185</u>	<u>2,314,517</u>	<u>(1,985,325)</u>	<u>32,544,377</u>	<u>1,964,500</u>
Total		<u>\$ 40,422,816</u>	<u>\$ 9,999,110</u>	<u>\$ (10,843,886)</u>	39,578,040	<u>\$ 3,109,611</u>
Add: unamortized bond premium					<u>439,930</u>	
Total on statement of net position					<u>\$ 40,017,970</u>	

General Obligation Bonds

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 position.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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% to 5.00%. These bonds were currently refunded during 2016 using the proceeds of the Series 2016A Waterworks System Improvement Refunding Bonds.

The Series 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% to 5.25%. These bonds were advance refunded during 2016 using the proceeds of the Series 2016 Waterworks System Improvement Refunding Bonds.

On September 13, 2016, the City issued Series 2016 Waterworks System Improvement Refunding Bonds to advance refund the outstanding balance of the Series 2007 Waterworks System Improvement Refunding Bonds. The proceeds issued for the advance refunding were used to purchase State and Local Government Series (SLGS) securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt.

The Series 2016 Bonds are comprised of both current interest bonds, par value \$2,970,000, and capital appreciation bonds, par value \$209,999. The interest rates on the current interest bonds range from 0.75% to 2.23%. The capital appreciation bonds mature on December 1, 2020 (approximate initial offering yield to maturity 2.15%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$490,000. A total of \$9,594 in accreted interest on the capital appreciation bonds has been included on the statement of net position at December 31, 2016.

The reacquisition price exceeded the net carrying amount of the old debt by \$97,727. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$263,570 and resulted in an economic gain of \$243,642.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023.

On February 18, 2016, the City issued Series 2016A Waterworks System Improvement Refunding Bonds to currently refund the outstanding balance of the Series 2005 Waterworks System Improvement Refunding Bonds.

The Series 2016A Bonds are comprised of current interest bonds, par value \$1,875,000. The interest rate on the current interest bonds is 3.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2020.

On February 18, 2016, the City issued Series 2016B Sanitary Sewerage System Improvement Bonds, par value \$2,620,000. The proceeds of this issue were used to retire the \$2,704,000 bond anticipation note described below. The interest rate on the Series 2016B Bonds is 3.00%. Interest payments are due on June 1 and December 1 of each year. The final maturity stated in this issue is December 1, 2023.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Special Assessment Bonds

On August 3, 2000, the City issued \$145,434 in special assessment bonds to finance the costs of sewer improvements to South Jefferson Street. These bonds bear interest at a rate of 5.75% and mature on December 1, 2020. During 2016, the City retired \$9,561 of these bonds, leaving an outstanding balance of \$44,070 at December 31, 2016.

Bond Anticipation Notes

On April 2, 2015, the City issued a sewer improvement bond anticipation note payable in the amount of \$2,704,000. This note bore an interest at a rate of 1.00% and matured on April 1, 2016. This note was a liability of the sewer fund. On February 18, 2016, the City refinanced the note through the issuance of \$2,620,000 in general obligation bonds as described above.

Compensated Absences

The compensated absences will be paid out of the sewer fund and the water fund.

Net Pension Liability

The net pension liability is described in Note 15.

Future Debt Service Requirements

The following is a summary of the City's future annual debt service requirements for the business-type activities bonds:

Year Ending	General Obligation Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 1,135,000	\$ 156,931	\$ 1,291,931	\$ -	\$ -	\$ -
2018	1,175,000	132,181	1,307,181	-	-	-
2019	1,190,000	105,244	1,295,244	-	-	-
2020	725,000	80,604	805,604	209,999	280,001	490,000
2021	825,000	62,104	887,104	-	-	-
2022 - 2023	1,720,000	65,122	1,785,122	-	-	-
Total	<u>\$ 6,770,000</u>	<u>\$ 602,186</u>	<u>\$ 7,372,186</u>	<u>\$ 209,999</u>	<u>\$ 280,001</u>	<u>\$ 490,000</u>

Year Ending	Special Assessment Bond		
	Principal	Interest	Total
2017	\$ 10,111	\$ 2,534	\$ 12,645
2018	10,692	1,953	12,645
2019	11,307	1,337	12,644
2020	11,960	686	12,646
Total	<u>\$ 44,070</u>	<u>\$ 6,510</u>	<u>\$ 50,580</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

OWDA Loans

The City constructed a wastewater treatment facility in 1990. The project was financed through expenditure by the Ohio Water Development Authority (OWDA). In 1999, the City began making major improvements to its wastewater treatment facility, which was also partially financed by OWDA. Beginning in 2008, the City borrowed money through the OWDA to finance water reservoir construction and sewer improvement construction. Any OWDA loan currently classified as “open” relates to a project where final disbursements have not been made from the OWDA, and therefore future debt service requirements have not been finalized and are not presented in the schedule of future debt service requirements.

At December 31, 2016, the City had the following OWDA loans outstanding:

Purpose	Interest Rate	Maturity Date	Balance Outstanding 12/31/2016
<b><u>Sewer Fund:</u></b>			
Wastewater treatment plant improvements	3.91%	7/1/2020	\$ 1,901,101
Group 6 sewer planning	3.25%	7/1/2029	350,148
Group 4 sewer design	3.25%	1/1/2029	574,214
Group 1/3 combined sewer separation	3.36%	1/1/2030	3,104,805
Group 2 express sewer	3.36%	1/1/2030	1,764,310
Group 5 sewer planning/SSES	3.25%	1/1/2031	349,834
Group 6 sewer design	3.25%	1/1/2030	297,972
Group 4 sewer separation	3.53%	1/1/2031	4,988,579
Group 5 design	4.14%	1/1/2031	144,473
Group 31A river intrusion elimination project	4.14%	1/1/2031	389,346
Group 6 sewer separation	3.70%	1/1/2031	1,628,637
Group 5 sewer separation	3.25%	1/1/2031	2,597,344
Group 12/14 sewer planning	2.62%	7/1/2031	423,076
LTCP planning	3.28%	1/1/2034	425,252
2012 CSO long-term control planning	2.69%	1/1/2034	375,503
CSO LTCP planning pace - year 2013	2.38%	7/1/2035	477,691
Group 13 inflow reduction	3.40%	7/1/2034	312,747
CSO LTCP planning - year 2015	2.03%	1/1/2036	360,348
<b><u>"Open" OWDA Loans</u></b>			
Group 14/15 sewer separation	2.45%	1/1/2034	1,954,662
Auglaize interceptor sewer rehab	1.83%	1/1/2037	2,715
			<u>22,422,757</u>
<b><u>Water Fund:</u></b>			
Reservoir construction	4.09%	7/1/2037	<u>6,046,313</u>
Total OWDA loans			<u>\$ 28,469,070</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

The City has pledged future sewer revenues and water revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and water fund revenues, and are payable through 2037. Annual principal and interest payments on the loans are expected to require 45.92 percent of net revenues and 21.39 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$35,824,787. Principal and interest paid for the current year was \$2,775,617, total net revenues were \$6,045,078, and total revenues were \$12,974,201.

Future Debt Service Requirements

The following is a summary of the City's future annual debt service requirements for the business-type activities OWDA loans (the schedule below will not agree to the balance of OWDA loans outstanding in the schedule of long-term obligations due to various loans still being "open" at December 31, 2016):

Year Ending	OWDA Loans Payable		
	Principal	Interest	Total
2017	\$ 1,777,058	\$ 845,291	\$ 2,622,349
2018	1,841,617	789,284	2,630,901
2019	1,908,549	731,225	2,639,774
2020	1,684,708	671,040	2,355,748
2021	1,446,107	621,931	2,068,038
2022 - 2026	8,028,915	2,379,952	10,408,867
2027 - 2031	7,316,269	1,034,939	8,351,208
2032 - 2036	2,293,611	277,756	2,571,367
2037	214,859	4,298	219,157
<b>Total</b>	<b>\$26,511,693</b>	<b>\$ 7,355,716</b>	<b>\$ 33,867,409</b>

OPWC Loans

Improvements to the City's water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2016, the City has the following loans outstanding with OPWC:

	Interest Rate	Maturity Date	Balance Outstanding 12/31/2016
<b><u>Water Fund:</u></b>			
OPWC loan	3.00%	7/1/2017	\$ 16,466
OPWC loan	0.00%	1/1/2019	39,197
OPWC loan	0.00%	**	1,430,661
			<u>1,486,324</u>
<b><u>Sewer Fund:</u></b>			
OPWC loan	0.00%	7/1/2020	<u>37,484</u>
<b>Total OPWC loans</b>			<b><u>\$ 1,523,808</u></b>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

\*\* This loan has not been closed as of December 31, 2016; therefore, a maturity date is not available. Also, the balance of this loan is not included in the amortization schedule below.

Future Debt Service Requirements

The following is a summary of the City's future annual debt service requirements for the business-type activities OPWC loans:

Year Ending	OPWC Loans Payable		
	Principal	Interest	Total
2017	\$ 46,775	\$ 247	\$ 47,022
2018	30,307	-	30,307
2019	10,710	-	10,710
2020	5,355	-	5,355
Total	\$ 93,147	\$ 247	\$ 93,394

**NOTE 13 - NOTES PAYABLE**

Business-type Activities

On September 22, 2015, the City issued \$1,145,000 in bond anticipation notes to refinance \$1,210,000 of bond anticipation notes that were previously issued on September 24, 2014. The \$1,145,000 bond anticipation notes outstanding at December 31, 2015 had an interest rate of 2.00% and matured on September 22, 2016. On September 21, 2016, the City issued \$1,505,000 in bond anticipation notes to refinance the September 22, 2015 bond anticipation notes. The bond anticipation notes outstanding at December 31, 2016 bear interest at a rate of 2.00% and mature on September 21, 2017. Proceeds of the bond anticipation note issuances are being used to finance improvements to the City's sanitary sewer system. The bond anticipation notes are a liability of the sewer fund.

Governmental Activities

On September 21, 2016, the City issued \$700,000 in bond anticipation notes. \$500,000 in proceeds of these notes are for South Clinton Street improvements and \$200,000 in proceeds are for the purchase of an ambulance. The notes bear an interest rate of 2.00% and mature on September 21, 2017. The bond anticipation notes are a liability of the capital improvements fund.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - NOTES PAYABLE - (Continued)**

A summary of the bond anticipation note transactions for the year ended December 31, 2016 follows:

	<u>Maturity Date</u>	<u>Outstanding 1/1/2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/2016</u>
<u>Business-type activities:</u>					
Sewer bond anticipation notes:					
Series 2016 BAN - 2.00%	9/21/2017	\$ -	\$ 1,505,000	\$ -	\$ 1,505,000
Series 2015 BAN - 2.00%	9/22/2016	1,145,000	-	(1,145,000)	-
<u>Governmental activities:</u>					
Capital improvement fund:					
Series 2016 BAN - 2.00%	9/21/2017	-	700,000	-	700,000
Total bond anticipation notes		<u>\$ 1,145,000</u>	<u>\$ 2,205,000</u>	<u>\$(1,145,000)</u>	<u>\$ 2,205,000</u>

**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 these risks, 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.

**A. BORMA Property and Casualty Pool**

During 2016, the City participated in the Buckeye Ohio Risk Management Agency (BORMA), Inc. and Public Entity Risk Consortium (PERC) joint risk sharing pools for property, liability, and crime insurance. Member contributions to the pools are calculated annually to produce a sufficient sum of money within the pools to fund loss payment obligations for claims and administrative expenses. The City's contributions in 2016 totaled \$255,599.

For the plan year, which includes December 31, 2016, BORMA, Inc. is subject to a \$25,000 per occurrence retention for any property or liability loss. The loss amount in excess of BORMA, Inc.'s \$25,000 retention is covered through PERC and various excess insurance companies up to the following amounts:

Property	\$250,000,000
Boiler & Machinery	100,000,000
General Liability	10,000,000
Auto Liability	10,000,000
Law Enforcement Liability	10,000,000
Public Officials Liability	10,000,000
Employee Dishonesty	1,000,000
Depositors Forgery	500,000
Money & Securities	500,000

The City's individual liability is \$1,000 per occurrence for property and crime losses. The limits are inclusive of the above noted retentions.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**B. BORMA Benefits Pool**

The BORMA Benefits Pool (the "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 twenty-one public entities in the State of Ohio. 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, 2016, the Pool had total reported assets of \$4,742,863. The 2016 monthly premiums paid by the City per covered employee were \$1,918 for family coverage, \$1,262 for two-party coverage with spouse, \$1,126 for two-party coverage with child, and \$603 for single coverage. The monthly life insurance premium was \$1.74. The cost of coverage for premiums is paid out of each respective fund and division that pays the salary of the individuals covered under the plan. Employees contribute a portion of each monthly premium through payroll withholding. During 2016, the City paid \$2,801,054 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2016 was \$200,000 per individual; coverage in excess of this amount was provided by HCC Life Insurance Co.

Both the BORMA, Inc., PERC and the BORMA Benefits Pool have the ability to require member entities 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 reserves and premium levels. Therefore, no additional amounts have been disclosed in the basic 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 2016, the City paid \$171,310 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 2016, the City paid \$0 to the Ohio Department of Job and Family Services for unemployment benefits claims.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability/Asset***

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$587,724 for 2016. Of this amount, \$70,693 is reported as due to other governments.

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	<u>Police</u>	<u>Firefighters</u>
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$710,020 for 2016. Of this amount \$78,015 is reported as due to other governments.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03267800%	0.14738390%	
Proportion of the net pension liability current measurement date	<u>0.03219600%</u>	<u>0.15285400%</u>	
Change in proportionate share	<u>-0.00048200%</u>	<u>0.00547010%</u>	
Proportion of the net pension asset prior measurement date	0.05495700%		
Proportion of the net pension asset current measurement date	<u>0.14559500%</u>		
Change in proportionate share	<u>0.09063800%</u>		
Proportionate share of the net pension liability	\$ 5,576,753	\$ 9,833,171	\$ 15,409,924
Proportionate share of the net pension asset	28,105	-	28,105
Pension expense	813,170	1,374,061	2,187,231

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 2,341	\$ -	\$ 2,341
Net difference between projected and actual earnings on pension plan investments	1,651,747	1,600,469	3,252,216
Changes in employer's proportionate percentage/ difference between employer contributions	-	238,758	238,758
City contributions subsequent to the measurement date	587,724	710,020	1,297,744
Total deferred outflows of resources	<u>\$ 2,241,812</u>	<u>\$ 2,549,247</u>	<u>\$ 4,791,059</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 120,425	\$ 27,611	\$ 148,036
Changes in employer's proportionate percentage/ difference between employer contributions	83,633	11,326	94,959
Total deferred inflows of resources	<u>\$ 204,058</u>	<u>\$ 38,937</u>	<u>\$ 242,995</u>

\$1,297,744 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2017.

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2017	\$ 319,472	\$ 458,356	\$ 777,828
2018	349,948	458,356	808,304
2019	413,186	458,355	871,541
2020	372,510	376,810	749,320
2021	(1,310)	40,686	39,376
Thereafter	(3,776)	7,727	3,951
Total	<u>\$ 1,450,030</u>	<u>\$ 1,800,290</u>	<u>\$ 3,250,320</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

*Actuarial Assumptions - OPERS*

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 8,885,130	\$ 5,576,753	\$ 2,786,242
Combined Plan	(571)	(27,767)	(49,642)
Member-Directed Plan	885	(338)	(885)



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

*Changes Between Measurement Date and Report Date* - In October 2016, the OPERS Board of Trustees adopted certain assumption changes which impacted their annual actuarial valuation prepared as of December 31, 2016. The most significant changes are a reduction in the expected investment return to 7.50% from 8.00%, the expected long-term average wage inflation was reduced to 3.25% from 3.75%, the expected long-term average price inflation was reduced to 2.50% from 3.00% and a change to various demographic assumptions. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

*Actuarial Assumptions – OP&F*

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 and 3.00 percent simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2011. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2012 actuarial valuation.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	6.50 %	7.80 %
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation			
Protected Securities *	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	<u>120.00 %</u>		

\* levered 2x

\*\* numbers include inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 12,968,680	\$ 9,833,171	\$ 7,177,149

**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 Plan and the Combined Plan. 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 visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. 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 and Combined Plan for 2016 was 2.00%.

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, 2016, 2015, and 2014 were \$112,005, \$84,989, and \$84,007, respectively; 89.90% has been contributed for 2016 and 100% has been contributed for 2015 and 2014. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

**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 health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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 account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered 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. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. 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).

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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 \$9,374 and \$7,528 for the year ended December 31, 2016, \$8,825 and \$7,145 for the year ended December 31, 2015, and \$8,427 and \$6,432, for the year ended December 31, 2014. 100% has been contributed for 2015 and 2014. 89.04% has been contributed for police and 89.50% has been contributed for firefighters for 2016. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**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:

**Net Change in Fund Balance**

	<u>General</u>	<u>Police and Fire</u>
Budget basis	\$ 620,273	\$ (113,588)
Net adjustment for revenue accruals	(126,849)	(23,209)
Net adjustment for expenditure accruals	10,046	(10,964)
Funds budgeted elsewhere	189	-
Adjustment for encumbrances	<u>116,643</u>	<u>52,268</u>
GAAP basis	<u>\$ 620,302</u>	<u>\$ (95,493)</u>

The unclaimed monies fund is legally budgeted in a separate fund classification, but is considered part of the general fund on a GAAP basis.

**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 loans receivable activity is as follows:

	<u>Balance 1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2016</u>
CDBG loans	<u>\$ 985,672</u>	<u>\$ 212,000</u>	<u>\$ (350,440)</u>	<u>\$ 847,232</u>

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

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from 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 adverse effect on the overall financial position of the City at December 31, 2016.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 19 - CONTINGENCIES - (Continued)**

**B. Litigation**

At December 31, 2016, the City was not involved in any pending litigation that would potentially have a material adverse effect on the City's financial position.

**NOTE 20 - CONTRACTUAL COMMITMENTS**

At December 31, 2016, the City had the following outstanding contractual commitments:

Vendor	Contract Amount	Amount Paid	Amount Outstanding
Tetra Tech, Inc.	\$ 52,130	\$ 14,651	\$ 37,479
Burgess & Niple, Inc.	182,170	74,647	107,523
Mannik & Smith Group	122,200	67,534	54,666
Miller Contracting Group, Inc.	1,742,916	650,321	1,092,595
URS Corp - Ohio	135,722	121,909	13,813
Vernon Nagel, Inc.	757,000	695,256	61,744
Jones & Henry Engineers, Ltd.	27,100	2,127	24,973
Beckett & Raeder, Inc.	27,660	2,370	25,290
Helm & Sons Excavating, Inc.	2,346,620	2,072,891	273,729
Landmark Structures I, LP	2,673,000	1,430,661	1,242,339
Bockrath & Associates	59,650	15,869	43,781
Ward Construction	697,937	377,613	320,324
Total contractual commitments	<u>\$ 8,824,105</u>	<u>\$ 5,525,849</u>	<u>\$ 3,298,256</u>

**NOTE 21 - OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

Fund	Year End Encumbrances
General	\$ 69,743
Police and fire	24,022
Capital improvements	484,417
Nonmajor governmental funds	<u>60,173</u>
Total	<u>\$ 638,355</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 22 - FUND BALANCE**

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

Fund Balance	General	Police and Fire	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ -	\$ -	\$ -	\$ 45,395	\$ 45,395
Unclaimed monies	<u>3,677</u>	-	-	-	<u>3,677</u>
Total nonspendable	<u>3,677</u>	-	-	<u>45,395</u>	<u>49,072</u>
Restricted:					
Debt service	-	-	-	570,714	570,714
Capital projects	-	-	-	178,127	178,127
Street construction, maintenance & repair	-	-	-	522,615	522,615
Police and fire pension	-	-	-	135,325	135,325
Court programs	-	-	-	617,922	617,922
Community development programs	-	-	-	41,220	41,220
Probation programs	-	-	-	245,703	245,703
Police and fire programs	-	288,275	-	108,843	397,118
Revolving loan program	-	-	-	1,594,251	1,594,251
Museum trust	-	-	-	335,977	335,977
Other purposes	-	-	-	226,809	226,809
Total restricted	<u>-</u>	<u>288,275</u>	<u>-</u>	<u>4,577,506</u>	<u>4,865,781</u>
Committed:					
Capital projects	-	-	473,961	-	473,961
Other purposes	-	-	-	61,299	61,299
Total committed	<u>-</u>	<u>-</u>	<u>473,961</u>	<u>61,299</u>	<u>535,260</u>
Assigned:					
Subsequent year appropriations	282,050	-	-	-	282,050
Other purposes	<u>69,743</u>	-	-	-	<u>69,743</u>
Total assigned	<u>351,793</u>	-	-	-	<u>351,793</u>
Unassigned	<u>3,505,898</u>	-	-	-	<u>3,505,898</u>
Total fund balances	<u>\$ 3,861,368</u>	<u>\$ 288,275</u>	<u>\$ 473,961</u>	<u>\$ 4,684,200</u>	<u>\$ 9,307,804</u>



**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 23 - TAX ABATEMENTS**

The City was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 12 years. A majority of the City's abatements are for 10 years or less and are 70-75% abated. The total assessed value of real property subject to exemption for 2016 was \$3,337,220. The total value of taxes abated for 2016 was \$6,462.

**CITY OF DEFIANCE, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>			
City's proportion of the net pension liability	0.032196%	0.032678%	0.032678%
City's proportionate share of the net pension liability	\$ 5,576,753	\$ 3,941,332	\$ 3,852,309
City's covered-employee payroll	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	137.49%	101.81%	101.13%
Plan fiduciary net position as a percentage of the total pension liability	81.08%	86.45%	86.36%
<i>Combined Plan:</i>			
City's proportion of the net pension asset	0.057060%	0.054957%	0.054957%
City's proportionate share of the net pension asset	\$ 27,767	\$ 21,160	\$ 5,767
City's covered-employee payroll	\$ 193,458	\$ 200,892	\$ 173,162
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	14.35%	10.53%	3.33%
Plan fiduciary net position as a percentage of the total pension asset	116.90%	114.83%	104.56%
<i>Member Directed Plan:</i>			
City's proportion of the net pension asset	0.088535%	n/a	n/a
City's proportionate share of the net pension asset	\$ 338	n/a	n/a
City's covered-employee payroll	\$ 493,075	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST THREE YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.15285400%	0.14738390%	0.14738390%
City's proportionate share of the net pension liability	\$ 9,833,171	\$ 7,635,101	\$ 7,178,059
City's covered-employee payroll	\$ 3,147,448	\$ 2,851,291	\$ 2,710,020
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	312.42%	267.78%	264.87%
Plan fiduciary net position as a percentage of the total pension liability	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 517,929	\$ 486,721	\$ 464,542	\$ 495,182
Contributions in relation to the contractually required contribution	<u>(517,929)</u>	<u>(486,721)</u>	<u>(464,542)</u>	<u>(495,182)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,316,075	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 24,029	\$ 23,215	\$ 24,107	\$ 22,511
Contributions in relation to the contractually required contribution	<u>(24,029)</u>	<u>(23,215)</u>	<u>(24,107)</u>	<u>(22,511)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 200,242	\$ 193,458	\$ 200,892	\$ 173,162
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 45,766	\$ 59,169		
Contributions in relation to the contractually required contribution	<u>(45,766)</u>	<u>(59,169)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
City's covered-employee payroll	\$ 381,383	\$ 493,075		
Contributions as a percentage of covered-employee payroll	12.00%	12.00%		

Note: Information prior to 2010 for the Combined Plan was unavailable.

Note: Information prior to 2015 for the Member Directed Plan was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 379,087	\$ 405,857	\$ 360,086	\$ 355,140	\$ 310,697	\$ 343,477
<u>(379,087)</u>	<u>(405,857)</u>	<u>(360,086)</u>	<u>(355,140)</u>	<u>(310,697)</u>	<u>(343,477)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,790,870	\$ 4,058,570	\$ 4,036,839	\$ 4,368,266	\$ 4,438,529	\$ 4,113,497
10.00%	10.00%	8.92%	8.13%	7.00%	8.35%
\$ 13,518	\$ 13,546	\$ 15,599			
<u>(13,518)</u>	<u>(13,546)</u>	<u>(15,599)</u>			
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
\$ 170,038	\$ 170,390	\$ 160,980			
7.95%	7.95%	9.69%			

**CITY OF DEFIANCE, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Police:</i>				
Contractually required contribution	\$ 356,195	\$ 326,523	\$ 304,580	\$ 253,276
Contributions in relation to the contractually required contribution	<u>(356,195)</u>	<u>(326,523)</u>	<u>(304,580)</u>	<u>(253,276)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,874,711	\$ 1,718,542	\$ 1,603,053	\$ 1,594,937
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	19.00%	15.88%
<i>Fire:</i>				
Contractually required contribution	\$ 353,825	\$ 335,793	\$ 293,336	\$ 227,254
Contributions in relation to the contractually required contribution	<u>(353,825)</u>	<u>(335,793)</u>	<u>(293,336)</u>	<u>(227,254)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,505,638	\$ 1,428,906	\$ 1,248,238	\$ 1,115,083
Contributions as a percentage of covered-employee payroll	23.50%	23.50%	23.50%	20.38%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 200,811	\$ 210,059	\$ 212,356	\$ 194,179	\$ 210,943	\$ 192,789
<u>(200,811)</u>	<u>(210,059)</u>	<u>(212,356)</u>	<u>(194,179)</u>	<u>(210,943)</u>	<u>(192,789)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,574,988	\$ 1,647,522	\$ 1,665,537	\$ 1,522,973	\$ 1,654,455	\$ 1,512,071
12.75%	12.75%	12.75%	12.75%	12.75%	12.75%
\$ 200,587	\$ 215,516	\$ 221,543	\$ 224,642	\$ 236,046	\$ 199,535
<u>(200,587)</u>	<u>(215,516)</u>	<u>(221,543)</u>	<u>(224,642)</u>	<u>(236,046)</u>	<u>(199,535)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,162,823	\$ 1,249,368	\$ 1,284,307	\$ 1,302,272	\$ 1,368,383	\$ 1,156,725
17.25%	17.25%	17.25%	17.25%	17.25%	17.25%

**CITY OF DEFIANCE, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.



**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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**CITY OF DEFIANCE, OHIO**

**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**

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

**Major Special Revenue Fund**

***Police and Fire Fund***

This fund accounts for and reports financial resources resulting from the City's additional 0.3% income tax levy that are restricted for use in the operations of the police and fire departments.

**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 within 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***

This fund accounts 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***

This fund accounts for fees collected from convicted offenders placed on probation and used to support the operations of the probation department.

***Probation Grant Fund***

This fund accounts for State grant monies that support the operations of the probation department.

***Court Computerization Fund***

This fund accounts 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***

This fund accounts for monies donated to pay for the planting of trees, shrubs, flowers, etc. on public lands and right-of-ways within the City.

***Special Project Fund***

This fund accounts for monies received for specific court costs that are designated for various statutorily authorized purposes.

***OVI Special Project Fund***

This fund accounts 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***

This fund accounts 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**

**FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

***Housing Rehabilitation Grant Fund***

This fund accounts for monies received from the Community Development Housing Rehabilitation Grant.

***Revolving Loan - Industrial Fund***

This fund accounts 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.

***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***

This fund accounts for monies donated for the purpose of funding projects and enhancements for recreational purposes on the reservoir grounds.

***Riverside Cemetery Enhancement Fund***

This fund accounts for monies donated for the purpose of funding maintenance and enhancement projects at the municipal cemetery.

***Hotel/Motel Tax Fund***

This fund accounts 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.

***Museum Trust Fund***

This fund accounts for donations received and expenditures incurred in the operation of the City's museum.

***Cemetery Trust Fund***

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

***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***

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

***Law Enforcement Trust Fund***

This fund accounts for monies donated to the police department for discretionary equipment and training needs.

***East Side Firehouse Fund***

This fund accounts for monies donated to restore and maintain the historic East Side Firehouse.

***Fire and Rescue Trust Fund***

This fund accounts for monies donated to the fire department for the purpose of providing equipment and training related to the City's fire and rescue services.

***Fire Damage Repair Fund***

This fund accounts 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.

**CITY OF DEFIANCE, OHIO**

**FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

***Park and Recreation Trust Fund***

This fund accounts for monies donated for equipment and improvements to enhance the City's parks and recreation programs.

The following fund is included in the general fund (GAAP basis), but has a separate legally adopted budget (budget basis):

***Unclaimed Monies Fund***

This fund accounts for uncashed checks issued by the City.

**DEBT SERVICE FUNDS**

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 other debt obligations. Following is a description of the City's debt service fund:

**Nonmajor Debt Service Fund**

***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.

**CAPITAL PROJECTS FUNDS**

Capital projects 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 projects fund:

**Major Capital Projects Fund**

***Capital Improvements Fund***

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

**Nonmajor Capital Projects Fund**

***Splash Pad Trust Fund***

This fund accounts for donations made to the City that are restricted for the construction of a splash pad.

**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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 6,419,528	\$ 6,419,528	\$ 6,610,431	\$ 190,903
Property and other local taxes . . . . .	589,451	589,451	598,333	8,882
Charges for services . . . . .	709,900	709,900	682,521	(27,379)
Licenses, permits and fees . . . . .	97,300	97,300	120,379	23,079
Fines and forfeitures . . . . .	458,100	458,100	447,910	(10,190)
Intergovernmental . . . . .	418,900	418,900	390,583	(28,317)
Investment income . . . . .	25,000	25,000	75,962	50,962
Donations . . . . .	-	-	2,000	2,000
Other . . . . .	70,000	70,000	102,541	32,541
Total revenues . . . . .	<u>8,788,179</u>	<u>8,788,179</u>	<u>9,030,660</u>	<u>242,481</u>
<b>Expenditures:</b>				
Current:				
General Government:				
City Council:				
Salaries and wages . . . . .	40,773	40,773	40,187	586
Operating . . . . .	55,506	55,506	43,850	11,656
Total city council . . . . .	<u>96,279</u>	<u>96,279</u>	<u>84,037</u>	<u>12,242</u>
Municipal Court:				
Salaries and wages . . . . .	725,625	725,625	698,175	27,450
Operating . . . . .	103,292	103,292	84,304	18,988
Total municipal court . . . . .	<u>828,917</u>	<u>828,917</u>	<u>782,479</u>	<u>46,438</u>
County Law Library:				
Operating . . . . .	36,000	44,600	44,600	-
Total county law library . . . . .	<u>36,000</u>	<u>44,600</u>	<u>44,600</u>	<u>-</u>
Mayor:				
Salaries and wages . . . . .	97,129	97,129	97,910	(781)
Operating . . . . .	14,015	15,015	9,645	5,370
Total mayor . . . . .	<u>111,144</u>	<u>112,144</u>	<u>107,555</u>	<u>4,589</u>
City Administrator:				
Salaries and wages . . . . .	72,826	78,726	77,567	1,159
Operating . . . . .	31,907	46,217	41,010	5,207
Total city administrator . . . . .	<u>104,733</u>	<u>124,943</u>	<u>118,577</u>	<u>6,366</u>
Finance Department:				
Salaries and wages . . . . .	226,184	226,184	218,591	7,593
Operating . . . . .	85,229	85,229	72,155	13,074
Total finance department . . . . .	<u>311,413</u>	<u>311,413</u>	<u>290,746</u>	<u>20,667</u>
County and State Charges:				
Operating . . . . .	54,000	54,000	48,313	5,687
Total county and state charges . . . . .	<u>54,000</u>	<u>54,000</u>	<u>48,313</u>	<u>5,687</u>
Law Department:				
Salaries and wages . . . . .	205,297	208,097	208,097	-
Operating . . . . .	26,659	31,859	22,091	9,768
Total law department . . . . .	<u>231,956</u>	<u>239,956</u>	<u>230,188</u>	<u>9,768</u>

- - Continued

**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, 2016

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civil Service:				
Salaries and wages . . . . .	\$ 7,130	\$ 7,130	\$ 7,095	\$ 35
Operating . . . . .	31,972	31,972	14,301	17,671
Total civil service . . . . .	<u>39,102</u>	<u>39,102</u>	<u>21,396</u>	<u>17,706</u>
Land and Buildings:				
Salaries and wages . . . . .	109,005	109,005	98,391	10,614
Operating . . . . .	479,920	479,920	415,987	63,933
Total land and buildings . . . . .	<u>588,925</u>	<u>588,925</u>	<u>514,378</u>	<u>74,547</u>
Insurance Pool:				
Operating . . . . .	125,916	127,746	127,744	2
Total insurance pool . . . . .	<u>125,916</u>	<u>127,746</u>	<u>127,744</u>	<u>2</u>
Income Tax Collection and Distribution:				
Salaries and wages . . . . .	71,310	72,810	72,344	466
Operating . . . . .	221,798	221,798	179,917	41,881
Total income tax collection and distribution . . . . .	<u>293,108</u>	<u>294,608</u>	<u>252,261</u>	<u>42,347</u>
Total General Government . . . . .	<u>2,821,493</u>	<u>2,862,633</u>	<u>2,622,274</u>	<u>240,359</u>
Public Health and Welfare:				
Cemetery:				
Salaries and wages . . . . .	236,375	246,375	243,445	2,930
Operating . . . . .	69,722	69,722	59,064	10,658
Total cemetery . . . . .	<u>306,097</u>	<u>316,097</u>	<u>302,509</u>	<u>13,588</u>
Total Public Health and Welfare . . . . .	<u>306,097</u>	<u>316,097</u>	<u>302,509</u>	<u>13,588</u>
Community Environment:				
Building Inspection:				
Salaries and wages . . . . .	132,560	135,930	134,178	1,752
Operating . . . . .	43,969	43,969	22,545	21,424
Total building inspection . . . . .	<u>176,529</u>	<u>179,899</u>	<u>156,723</u>	<u>23,176</u>
Engineering:				
Salaries and wages . . . . .	323,555	323,555	292,149	31,406
Operating . . . . .	50,167	50,167	34,440	15,727
Total engineering. . . . .	<u>373,722</u>	<u>373,722</u>	<u>326,589</u>	<u>47,133</u>
Total Community Environment. . . . .	<u>550,251</u>	<u>553,621</u>	<u>483,312</u>	<u>70,309</u>
Leisure Time Activity:				
Parks and Recreation:				
Salaries and wages . . . . .	381,770	397,170	393,555	3,615
Operating . . . . .	301,435	301,435	275,589	25,846
Total parks and recreation . . . . .	<u>683,205</u>	<u>698,605</u>	<u>669,144</u>	<u>29,461</u>
Total Leisure Time Activity . . . . .	<u>683,205</u>	<u>698,605</u>	<u>669,144</u>	<u>29,461</u>

- - Continued

**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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Economic Development:				
Development Department:				
Operating . . . . .	\$ 130,785	\$ 130,785	\$ 89,160	\$ 41,625
Total development department . . . .	<u>130,785</u>	<u>130,785</u>	<u>89,160</u>	<u>41,625</u>
Total Economic Development . . . . .	<u>130,785</u>	<u>130,785</u>	<u>89,160</u>	<u>41,625</u>
Total expenditures . . . . .	<u>4,491,831</u>	<u>4,561,741</u>	<u>4,166,399</u>	<u>395,342</u>
Excess of revenues over expenditures . .	<u>4,296,348</u>	<u>4,226,438</u>	<u>4,864,261</u>	<u>637,823</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	10,000	10,000	5,175	(4,825)
Transfers (out). . . . .	<u>(4,420,000)</u>	<u>(4,420,000)</u>	<u>(4,249,163)</u>	<u>170,837</u>
Total other financing sources (uses). . .	<u>(4,410,000)</u>	<u>(4,410,000)</u>	<u>(4,243,988)</u>	<u>166,012</u>
Net change in fund balances. . . . .	(113,652)	(183,562)	620,273	803,835
<b>Fund balances at beginning of year. . . .</b>	2,192,307	2,192,307	2,192,307	-
<b>Prior year encumbrances appropriated .</b>	112,728	112,728	112,728	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,191,383</u>	<u>\$ 2,121,473</u>	<u>\$ 2,925,308</u>	<u>\$ 803,835</u>



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**POLICE AND FIRE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,698,715	\$ 1,642,013	\$ 1,660,077	\$ 18,064
Total revenues . . . . .	1,698,715	1,642,013	1,660,077	18,064
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Salaries and wages . . . . .	2,895,524	2,795,524	2,751,183	44,341
Operating . . . . .	582,570	496,985	356,297	140,688
Total police . . . . .	3,478,094	3,292,509	3,107,480	185,029
Fire:				
Salaries and wages . . . . .	2,067,983	2,067,983	2,049,427	18,556
Operating . . . . .	318,858	321,121	295,921	25,200
Total fire . . . . .	2,386,841	2,389,104	2,345,348	43,756
Total expenditures . . . . .	5,864,935	5,681,613	5,452,828	228,785
Excess of expenditures over revenues . . . . .	(4,166,220)	(4,039,600)	(3,792,751)	246,849
<b>Other financing sources:</b>				
Transfers in . . . . .	3,793,297	3,666,678	3,679,163	12,485
Total other financing sources . . . . .	3,793,297	3,666,678	3,679,163	12,485
Net change in fund balances . . . . .	(372,923)	(372,922)	(113,588)	259,334
<b>Fund balances at beginning of year. . . . .</b>	323,748	323,748	323,748	-
<b>Prior year encumbrances appropriated. . . . .</b>	50,821	50,821	50,821	-
<b>Fund balance at end of year . . . . .</b>	\$ 1,646	\$ 1,647	\$ 260,981	\$ 259,334

**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, 2016

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,964,111	\$ 1,642,013	\$ 1,660,076	\$ 18,063
Intergovernmental. . . . .	2,690,764	2,249,500	2,386,364	136,864
Donations. . . . .	-	-	25,000	25,000
Other . . . . .	-	-	500	500
Total revenues . . . . .	<u>4,654,875</u>	<u>3,891,513</u>	<u>4,071,940</u>	<u>180,427</u>
<b>Expenditures:</b>				
Current:				
Capital Outlay:				
Operating . . . . .	<u>5,805,667</u>	<u>5,147,167</u>	<u>5,034,256</u>	<u>112,911</u>
Total capital outlay . . . . .	<u>5,805,667</u>	<u>5,147,167</u>	<u>5,034,256</u>	<u>112,911</u>
Debt Service:				
Principal retirement . . . . .	25,000	25,000	25,000	-
Interest and fiscal charges . . . . .	<u>113,950</u>	<u>113,950</u>	<u>113,950</u>	<u>-</u>
Total debt service . . . . .	<u>138,950</u>	<u>138,950</u>	<u>138,950</u>	<u>-</u>
Total expenditures. . . . .	<u>5,944,617</u>	<u>5,286,117</u>	<u>5,173,206</u>	<u>112,911</u>
Excess of expenditures over revenues . . . . .	<u>(1,289,742)</u>	<u>(1,394,604)</u>	<u>(1,101,266)</u>	<u>293,338</u>
<b>Other financing sources:</b>				
Issuance of notes . . . . .	<u>580,138</u>	<u>485,000</u>	<u>704,605</u>	<u>219,605</u>
Total other financing sources . . . . .	<u>580,138</u>	<u>485,000</u>	<u>704,605</u>	<u>219,605</u>
Net change in fund balances. . . . .	(709,604)	(909,604)	(396,661)	512,943
<b>Fund balances at beginning of year. . . . .</b>	797,824	797,824	797,824	-
<b>Prior year encumbrances appropriated . . . . .</b>	147,690	147,690	147,690	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 235,910</u>	<u>\$ 35,910</u>	<u>\$ 548,853</u>	<u>\$ 512,943</u>

**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 2,531,260	\$ 570,714	\$ 178,127	\$ 3,280,101
Cash in segregated accounts . . . . .	324,391	-	-	324,391
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	4,079	-	-	4,079
Property and other local taxes. . . . .	252,892	-	-	252,892
Accounts . . . . .	92,234	-	-	92,234
Loans receivable. . . . .	847,232	-	-	847,232
Special assessments. . . . .	-	152,019	-	152,019
Accrued interest. . . . .	2,524	-	-	2,524
Due from other governments . . . . .	433,752	-	-	433,752
Materials and supplies inventory . . . . .	45,395	-	-	45,395
<b>Total assets . . . . .</b>	<b>\$ 4,533,759</b>	<b>\$ 722,733</b>	<b>\$ 178,127</b>	<b>\$ 5,434,619</b>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 35,890	\$ -	\$ -	\$ 35,890
Accrued wages and benefits payable. . . . .	10,118	-	-	10,118
Due to other governments . . . . .	48,518	-	-	48,518
<b>Total liabilities . . . . .</b>	<b>94,526</b>	<b>-</b>	<b>-</b>	<b>94,526</b>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	171,000	-	-	171,000
Accrued interest not available. . . . .	803	-	-	803
Special assessments revenue not available. . . . .	-	152,019	-	152,019
Miscellaneous revenue not available. . . . .	53,756	-	-	53,756
Income tax revenue not available . . . . .	1,651	-	-	1,651
Intergovernmental revenue not available . . . . .	276,664	-	-	276,664
<b>Total deferred inflows of resources. . . . .</b>	<b>503,874</b>	<b>152,019</b>	<b>-</b>	<b>655,893</b>
<b>Fund balances:</b>				
Nonspendable . . . . .	45,395	-	-	45,395
Restricted . . . . .	3,828,665	570,714	178,127	4,577,506
Committed. . . . .	61,299	-	-	61,299
<b>Total fund balances. . . . .</b>	<b>3,935,359</b>	<b>570,714</b>	<b>178,127</b>	<b>4,684,200</b>
<b>Total liabilities, deferred inflows of resources and fund balances . . . . .</b>	<b>\$ 4,533,759</b>	<b>\$ 722,733</b>	<b>\$ 178,127</b>	<b>\$ 5,434,619</b>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 27,494	\$ -	\$ -	\$ 27,494
Property and other local taxes . . . . .	520,946	-	-	520,946
Licenses, permits and fees . . . . .	144,038	-	-	144,038
Fines and forfeitures . . . . .	300,871	-	-	300,871
Intergovernmental . . . . .	1,186,351	-	-	1,186,351
Special assessments . . . . .	-	119,791	-	119,791
Investment income . . . . .	40,009	-	-	40,009
Donations. . . . .	210,371	-	178,127	388,498
Increase in fair market value of investments. . . . .	7,858	-	-	7,858
Other . . . . .	60,676	-	-	60,676
<b>Total revenues. . . . .</b>	<b>2,498,614</b>	<b>119,791</b>	<b>178,127</b>	<b>2,796,532</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	562,235	3,886	-	566,121
Security of persons and property. . . . .	976,054	-	-	976,054
Transportation . . . . .	1,401,327	-	-	1,401,327
Economic development . . . . .	297,656	-	-	297,656
Debt service:				
Principal retirement. . . . .	150,000	116,559	-	266,559
<b>Total expenditures . . . . .</b>	<b>3,387,272</b>	<b>120,445</b>	<b>-</b>	<b>3,507,717</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(888,658)	(654)	178,127	(711,185)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	570,000	15,489	-	585,489
Transfers (out). . . . .	-	(9,561)	-	(9,561)
<b>Total other financing sources (uses). . . . .</b>	<b>570,000</b>	<b>5,928</b>	<b>-</b>	<b>575,928</b>
Net change in fund balances . . . . .	(318,658)	5,274	178,127	(135,257)
<b>Fund balances at beginning of year . . . . .</b>	<b>4,254,017</b>	<b>565,440</b>	<b>-</b>	<b>4,819,457</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 3,935,359</b>	<b>\$ 570,714</b>	<b>\$ 178,127</b>	<b>\$ 4,684,200</b>

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**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016

	<b>State Highway Improvements</b>	<b>Permissive Tax</b>	<b>Street Construction, Maintenance and Repair</b>	<b>Indigent Drivers</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 174,228	\$ 31,312	\$ 205,760	\$ 31,761
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	4,079	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	-	-	-	8,408
Loans receivable. . . . .	-	-	-	-
Accrued interest. . . . .	383	-	452	-
Due from other governments . . . . .	29,147	-	370,715	-
Materials and supplies inventory . . . . .	-	-	45,395	-
Total assets. . . . .	<u>\$ 203,758</u>	<u>\$ 31,312</u>	<u>\$ 626,401</u>	<u>\$ 40,169</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ 2,045	\$ 5,802	\$ 1,487
Accrued wages and benefits payable. . . . .	-	-	10,118	-
Due to other governments . . . . .	-	-	7,308	-
Total liabilities . . . . .	<u>-</u>	<u>2,045</u>	<u>23,228</u>	<u>1,487</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	-	-	-	-
Accrued interest not available . . . . .	122	-	144	-
Miscellaneous revenue not available. . . . .	-	-	607	7,658
Income tax revenue not available . . . . .	-	-	1,651	-
Intergovernmental revenue not available . . . . .	19,924	-	245,740	-
Total deferred inflows of resources. . . . .	<u>20,046</u>	<u>-</u>	<u>248,142</u>	<u>7,658</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	45,395	-
Restricted . . . . .	183,712	29,267	309,636	31,024
Committed. . . . .	-	-	-	-
Total fund balances . . . . .	<u>183,712</u>	<u>29,267</u>	<u>355,031</u>	<u>31,024</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 203,758</u>	<u>\$ 31,312</u>	<u>\$ 626,401</u>	<u>\$ 40,169</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>
\$ 221,053	\$ 8,200	\$ 233,591	\$ 1,568	\$ 210,630	\$ 155,869
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,581	-	5,737	-	11,260	957
-	-	-	-	-	-
-	-	-	-	-	-
-	15,410	-	-	-	-
-	-	-	-	-	-
<u>\$ 222,634</u>	<u>\$ 23,610</u>	<u>\$ 239,328</u>	<u>\$ 1,568</u>	<u>\$ 221,890</u>	<u>\$ 156,826</u>
\$ -	\$ 541	\$ 122	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>541</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
222,634	23,069	239,206	-	221,890	156,826
-	-	-	1,568	-	-
<u>222,634</u>	<u>23,069</u>	<u>239,206</u>	<u>1,568</u>	<u>221,890</u>	<u>156,826</u>
<u>\$ 222,634</u>	<u>\$ 23,610</u>	<u>\$ 239,328</u>	<u>\$ 1,568</u>	<u>\$ 221,890</u>	<u>\$ 156,826</u>

- - Continued

**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2016

	<b>Cable TV - Franchise</b>	<b>Housing Rehabilitation Grant</b>	<b>Revolving Loan - Industrial</b>	<b>Peace Officer Training</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ -	\$ 41,220	\$ 769,247	\$ 5,520
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	45,491	-	-	-
Loans receivable. . . . .	-	-	847,232	-
Accrued interest. . . . .	-	-	1,689	-
Due from other governments . . . . .	-	-	-	7,480
Materials and supplies inventory . . . . .	-	-	-	-
<b>Total assets. . . . .</b>	<b>\$ 45,491</b>	<b>\$ 41,220</b>	<b>\$ 1,618,168</b>	<b>\$ 13,000</b>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ 23,380	\$ -
Accrued wages and benefits payable. . . . .	-	-	-	-
Due to other governments . . . . .	-	-	-	-
<b>Total liabilities . . . . .</b>	<b>-</b>	<b>-</b>	<b>23,380</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	-	-	-	-
Accrued interest not available . . . . .	-	-	537	-
Miscellaneous revenue not available. . . . .	45,491	-	-	-
Income tax revenue not available . . . . .	-	-	-	-
Intergovernmental revenue not available . . . . .	-	-	-	-
<b>Total deferred inflows of resources. . . . .</b>	<b>45,491</b>	<b>-</b>	<b>537</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	-	-
Restricted . . . . .	-	41,220	1,594,251	13,000
Committed. . . . .	-	-	-	-
<b>Total fund balances . . . . .</b>	<b>-</b>	<b>41,220</b>	<b>1,594,251</b>	<b>13,000</b>
<b>Total liabilities, deferred inflows of resources and fund balances . . . . .</b>	<b>\$ 45,491</b>	<b>\$ 41,220</b>	<b>\$ 1,618,168</b>	<b>\$ 13,000</b>



<b>Reservoir Enhancement</b>	<b>Riverside Cemetery Enhancement</b>	<b>Hotel/Motel Tax</b>	<b>Museum Trust</b>	<b>Cemetery Trust</b>	<b>Police Pension</b>
\$ 21,393	\$ 2,100	\$ 154,442	\$ 11,599	\$ 1,061	\$ 83,658
-	-	-	324,391	-	-
-	-	-	-	-	-
-	-	81,892	-	-	85,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,500
-	-	-	-	-	-
<u>\$ 21,393</u>	<u>\$ 2,100</u>	<u>\$ 236,334</u>	<u>\$ 335,990</u>	<u>\$ 1,061</u>	<u>\$ 174,658</u>
\$ -	\$ -	\$ 2,500	\$ 13	\$ -	\$ -
-	-	-	-	-	-
-	-	41,210	-	-	-
-	-	<u>43,710</u>	<u>13</u>	-	-
-	-	-	-	-	85,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,500
-	-	-	-	-	<u>91,000</u>
-	-	-	-	-	-
-	2,100	192,624	335,977	1,061	83,658
<u>21,393</u>	-	-	-	-	-
<u>21,393</u>	<u>2,100</u>	<u>192,624</u>	<u>335,977</u>	<u>1,061</u>	<u>83,658</u>
<u>\$ 21,393</u>	<u>\$ 2,100</u>	<u>\$ 236,334</u>	<u>\$ 335,990</u>	<u>\$ 1,061</u>	<u>\$ 174,658</u>

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**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2016

	<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 . . .	\$ 51,667	\$ 32,373	\$ 63,058	\$ 2,110
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes. . . . .	85,500	-	-	-
Accounts . . . . .	-	-	-	-
Loans receivable. . . . .	-	-	-	-
Accrued interest. . . . .	-	-	-	-
Due from other governments . . . . .	5,500	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 142,667</u>	<u>\$ 32,373</u>	<u>\$ 63,058</u>	<u>\$ 2,110</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable. . . . .	-	-	-	-
Due to other governments . . . . .	-	-	-	-
Total liabilities . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	85,500	-	-	-
Accrued interest not available . . . . .	-	-	-	-
Miscellaneous revenue not available. . . . .	-	-	-	-
Income tax revenue not available . . . . .	-	-	-	-
Intergovernmental revenue not available . . . . .	5,500	-	-	-
Total deferred inflows of resources. . . . .	<u>91,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	-	-
Restricted . . . . .	51,667	-	63,058	-
Committed. . . . .	-	32,373	-	2,110
Total fund balances . . . . .	<u>51,667</u>	<u>32,373</u>	<u>63,058</u>	<u>2,110</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 142,667</u>	<u>\$ 32,373</u>	<u>\$ 63,058</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>
\$ 2,712	\$ 11,273	\$ 3,855	\$ 2,531,260
-	-	-	324,391
-	-	-	4,079
-	-	-	252,892
-	18,800	-	92,234
-	-	-	847,232
-	-	-	2,524
-	-	-	433,752
-	-	-	45,395
<u>\$ 2,712</u>	<u>\$ 30,073</u>	<u>\$ 3,855</u>	<u>\$ 4,533,759</u>
\$ -	\$ -	\$ -	\$ 35,890
-	-	-	10,118
-	-	-	48,518
<u>-</u>	<u>-</u>	<u>-</u>	<u>94,526</u>
-	-	-	171,000
-	-	-	803
-	-	-	53,756
-	-	-	1,651
-	-	-	276,664
<u>-</u>	<u>-</u>	<u>-</u>	<u>503,874</u>
-	-	-	45,395
2,712	30,073	-	3,828,665
-	-	3,855	61,299
<u>2,712</u>	<u>30,073</u>	<u>3,855</u>	<u>3,935,359</u>
<u>\$ 2,712</u>	<u>\$ 30,073</u>	<u>\$ 3,855</u>	<u>\$ 4,533,759</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, 2016

	<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 . . . . .	\$ -	\$ -	\$ 27,494	\$ -
Property and other local taxes . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	-	-	-	12,733
Intergovernmental . . . . .	65,040	51,304	925,930	-
Investment income . . . . .	1,632	-	2,617	-
Donations . . . . .	-	-	-	-
Increase in fair market value of investments . . . . .	-	-	-	-
Other . . . . .	-	-	3,594	-
<b>Total revenues . . . . .</b>	<b>66,672</b>	<b>51,304</b>	<b>959,635</b>	<b>12,733</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	-	-
Security of persons and property . . . . .	-	-	-	8,755
Transportation . . . . .	53,805	45,469	1,302,053	-
Economic development . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	-	-	-	-
<b>Total expenditures . . . . .</b>	<b>53,805</b>	<b>45,469</b>	<b>1,302,053</b>	<b>8,755</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	12,867	5,835	(342,418)	3,978
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
<b>Total other financing sources . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances . . . . .	12,867	5,835	(342,418)	3,978
<b>Fund balances at beginning of year . . . . .</b>	<b>170,845</b>	<b>23,432</b>	<b>697,449</b>	<b>27,046</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 183,712</b>	<b>\$ 29,267</b>	<b>\$ 355,031</b>	<b>\$ 31,024</b>

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
20,000	-	82,808	-	165,177	8,926
-	61,358	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
42	15	-	354	-	9,817
<u>20,042</u>	<u>61,373</u>	<u>82,808</u>	<u>354</u>	<u>165,177</u>	<u>18,743</u>
-	-	87,368	-	180	-
37,520	68,462	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	150,000	-
<u>37,520</u>	<u>68,462</u>	<u>87,368</u>	<u>-</u>	<u>150,180</u>	<u>-</u>
<u>(17,478)</u>	<u>(7,089)</u>	<u>(4,560)</u>	<u>354</u>	<u>14,997</u>	<u>18,743</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(17,478)</u>	<u>(7,089)</u>	<u>(4,560)</u>	<u>354</u>	<u>14,997</u>	<u>18,743</u>
240,112	30,158	243,766	1,214	206,893	138,083
<u>\$ 222,634</u>	<u>\$ 23,069</u>	<u>\$ 239,206</u>	<u>\$ 1,568</u>	<u>\$ 221,890</u>	<u>\$ 156,826</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, 2016

	<b>Cable TV - Franchise</b>	<b>Housing Rehabilitation Grant</b>	<b>Revolving Loan - Industrial</b>	<b>Peace Officer Training</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Property and other local taxes . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	144,038	-	-	-
Fines and forfeitures . . . . .	-	-	-	-
Intergovernmental . . . . .	-	8,721	-	7,480
Investment income . . . . .	-	-	35,017	-
Donations . . . . .	-	-	-	-
Increase in fair market value of investments . . . . .	-	-	-	-
Other . . . . .	-	-	105	-
<b>Total revenues . . . . .</b>	<b>144,038</b>	<b>8,721</b>	<b>35,122</b>	<b>7,480</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	189,827	-	-	-
Security of persons and property . . . . .	-	-	-	-
Transportation . . . . .	-	-	-	-
Economic development . . . . .	-	22,200	275,456	-
Debt service:				
Principal retirement . . . . .	-	-	-	-
<b>Total expenditures . . . . .</b>	<b>189,827</b>	<b>22,200</b>	<b>275,456</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(45,789)	(13,479)	(240,334)	7,480
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
<b>Total other financing sources . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances . . . . .	(45,789)	(13,479)	(240,334)	7,480
<b>Fund balances at beginning of year . . . . .</b>	<b>45,789</b>	<b>54,699</b>	<b>1,834,585</b>	<b>5,520</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ -</b>	<b>\$ 41,220</b>	<b>\$ 1,594,251</b>	<b>\$ 13,000</b>

<b>Reservoir Enhancement</b>	<b>Riverside Cemetery Enhancement</b>	<b>Hotel/Motel Tax</b>	<b>Museum Trust</b>	<b>Cemetery Trust</b>	<b>Police Pension</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	348,914	-	-	86,016
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	10,476
228	15	-	500	-	-
-	724	-	205,366	1,000	-
-	-	-	7,858	-	-
-	-	8	-	-	-
<u>228</u>	<u>739</u>	<u>348,922</u>	<u>213,724</u>	<u>1,000</u>	<u>96,492</u>
-	-	276,122	8,738	-	-
-	-	-	-	-	362,995
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>276,122</u>	<u>8,738</u>	<u>-</u>	<u>362,995</u>
<u>228</u>	<u>739</u>	<u>72,800</u>	<u>204,986</u>	<u>1,000</u>	<u>(266,503)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,000</u>
228	739	72,800	204,986	1,000	23,497
21,165	1,361	119,824	130,991	61	60,161
<u>\$ 21,393</u>	<u>\$ 2,100</u>	<u>\$ 192,624</u>	<u>\$ 335,977</u>	<u>\$ 1,061</u>	<u>\$ 83,658</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, 2016

	<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 . . . . .	86,016	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	-	-	11,227	-
Intergovernmental . . . . .	10,476	-	-	-
Investment income . . . . .	-	-	-	-
Donations . . . . .	-	-	706	-
Increase in fair market value of investments . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
<b>Total revenues . . . . .</b>	<b>96,492</b>	<b>-</b>	<b>11,933</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	-	-
Security of persons and property . . . . .	359,197	-	8,320	-
Transportation . . . . .	-	-	-	-
Economic development . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	-	-	-	-
<b>Total expenditures . . . . .</b>	<b>359,197</b>	<b>-</b>	<b>8,320</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(262,705)	-	3,613	-
<b>Other financing sources:</b>				
Transfers in . . . . .	280,000	-	-	-
<b>Total other financing sources . . . . .</b>	<b>280,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances . . . . .	17,295	-	3,613	-
<b>Fund balances at beginning of year . . . . .</b>	<b>34,372</b>	<b>32,373</b>	<b>59,445</b>	<b>2,110</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 51,667</b>	<b>\$ 32,373</b>	<b>\$ 63,058</b>	<b>\$ 2,110</b>



<b>Fire and Rescue Trust</b>	<b>Fire Damage Repair</b>	<b>Park and Recreation Trust</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ 27,494
-	-	-	520,946
-	-	-	144,038
-	-	-	300,871
45,566	-	-	1,186,351
-	-	-	40,009
2,575	-	-	210,371
-	-	-	7,858
114	46,627	-	60,676
<u>48,255</u>	<u>46,627</u>	<u>-</u>	<u>2,498,614</u>
-	-	-	562,235
92,151	38,654	-	976,054
-	-	-	1,401,327
-	-	-	297,656
-	-	-	150,000
<u>92,151</u>	<u>38,654</u>	<u>-</u>	<u>3,387,272</u>
<u>(43,896)</u>	<u>7,973</u>	<u>-</u>	<u>(888,658)</u>
-	-	-	570,000
-	-	-	570,000
(43,896)	7,973	-	(318,658)
46,608	22,100	3,855	4,254,017
<u>\$ 2,712</u>	<u>\$ 30,073</u>	<u>\$ 3,855</u>	<u>\$ 3,935,359</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 72,500	\$ 72,500	\$ 64,577	\$ (7,923)
Investment income . . . . .	500	500	2,060	1,560
Total revenues . . . . .	<u>73,000</u>	<u>73,000</u>	<u>66,637</u>	<u>(6,363)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	<u>128,076</u>	<u>128,076</u>	<u>97,117</u>	<u>30,959</u>
Total expenditures . . . . .	<u>128,076</u>	<u>128,076</u>	<u>97,117</u>	<u>30,959</u>
Net change in fund balances. . . . .	(55,076)	(55,076)	(30,480)	24,596
<b>Fund balances at beginning of year. . . .</b>	148,167	148,167	148,167	-
<b>Prior year encumbrances appropriated . .</b>	56,076	56,076	56,076	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 149,167</u>	<u>\$ 149,167</u>	<u>\$ 173,763</u>	<u>\$ 24,596</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, 2016

	<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 . . . . .	\$ 65,000	\$ 65,000	\$ 51,304	\$ (13,696)
Total revenues. . . . .	<u>65,000</u>	<u>65,000</u>	<u>51,304</u>	<u>(13,696)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	65,000	65,000	53,396	11,604
Total expenditures . . . . .	<u>65,000</u>	<u>65,000</u>	<u>53,396</u>	<u>11,604</u>
Net change in fund balances. . . . .	-	-	(2,092)	(2,092)
<b>Fund balances at beginning of year. . . .</b>	23,432	23,432	23,432	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 23,432</u>	<u>\$ 23,432</u>	<u>\$ 21,340</u>	<u>\$ (2,092)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 26,980	\$ 26,980	\$ 27,884	\$ 904
Intergovernmental . . . . .	1,015,000	1,015,000	920,896	(94,104)
Investment income . . . . .	1,000	1,000	4,708	3,708
Other . . . . .	1,000	1,000	3,602	2,602
Total revenues. . . . .	<u>1,043,980</u>	<u>1,043,980</u>	<u>957,090</u>	<u>(86,890)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Highway and Streets:				
Salaries and wages . . . . .	736,150	736,150	692,016	44,134
Operating . . . . .	416,908	766,908	653,183	113,725
Total expenditures. . . . .	<u>1,153,058</u>	<u>1,503,058</u>	<u>1,345,199</u>	<u>157,859</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(109,078)</u>	<u>(459,078)</u>	<u>(388,109)</u>	<u>70,969</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	30,000	30,000	30,000	-
Total other financing sources. . . . .	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances. . . . .	(79,078)	(429,078)	(358,109)	70,969
<b>Fund balances at beginning of year. . . .</b>	496,304	496,304	496,304	-
<b>Prior year encumbrances appropriated .</b>	36,008	36,008	36,008	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 453,234</u>	<u>\$ 103,234</u>	<u>\$ 174,203</u>	<u>\$ 70,969</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, 2016

	<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 . . . . .	\$ 15,000	\$ 15,000	\$ 12,882	\$ (2,118)
Total revenues . . . . .	<u>15,000</u>	<u>15,000</u>	<u>12,882</u>	<u>(2,118)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating . . . . .	23,135	23,135	12,135	11,000
Total expenditures . . . . .	<u>23,135</u>	<u>23,135</u>	<u>12,135</u>	<u>11,000</u>
Net change in fund balances. . . . .	(8,135)	(8,135)	747	8,882
<b>Fund balances at beginning of year. . . .</b>	25,461	25,461	25,461	-
<b>Prior year encumbrances appropriated .</b>	3,135	3,135	3,135	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 20,461</u>	<u>\$ 20,461</u>	<u>\$ 29,343</u>	<u>\$ 8,882</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 20,000	\$ 20,000	\$ 19,751	\$ (249)
Other . . . . .	-	-	42	42
Total revenues. . . . .	<u>20,000</u>	<u>20,000</u>	<u>19,793</u>	<u>(207)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	31,345	31,345	30,414	931
Operating . . . . .	<u>26,394</u>	<u>26,394</u>	<u>7,185</u>	<u>19,209</u>
Total expenditures . . . . .	<u>57,739</u>	<u>57,739</u>	<u>37,599</u>	<u>20,140</u>
Net change in fund balances. . . . .	(37,739)	(37,739)	(17,806)	19,933
<b>Fund balances at beginning of year. . . .</b>	238,465	238,465	238,465	-
<b>Prior year encumbrances appropriated .</b>	394	394	394	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 201,120</u>	<u>\$ 201,120</u>	<u>\$ 221,053</u>	<u>\$ 19,933</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 27,339	\$ 72,060	\$ 72,060	\$ -
Other . . . . .	-	-	15	15
Total revenues . . . . .	<u>27,339</u>	<u>72,060</u>	<u>72,075</u>	<u>15</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	26,250	50,044	50,044	-
Operating . . . . .	<u>1,090</u>	<u>22,017</u>	<u>21,423</u>	<u>594</u>
Total expenditures . . . . .	<u>27,340</u>	<u>72,061</u>	<u>71,467</u>	<u>594</u>
Net change in fund balances. . . . .	(1)	(1)	608	609
<b>Fund balances at beginning of year. . . .</b>	4,414	4,414	4,414	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,413</u>	<u>\$ 4,413</u>	<u>\$ 5,022</u>	<u>\$ 609</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 80,000	\$ 80,000	\$ 83,691	\$ 3,691
Total revenues . . . . .	<u>80,000</u>	<u>80,000</u>	<u>83,691</u>	<u>3,691</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	140,250	140,250	91,046	49,204
Total expenditures . . . . .	<u>140,250</u>	<u>140,250</u>	<u>91,046</u>	<u>49,204</u>
Net change in fund balances. . . . .	(60,250)	(60,250)	(7,355)	52,895
<b>Fund balances at beginning of year. . . .</b>	236,896	236,896	236,896	-
<b>Prior year encumbrances appropriated .</b>	250	250	250	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 176,896</u>	<u>\$ 176,896</u>	<u>\$ 229,791</u>	<u>\$ 52,895</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, 2016

	<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 . . . . .	\$ -	\$ -	\$ 354	\$ 354
Total revenues. . . . .	<u>-</u>	<u>-</u>	<u>354</u>	<u>354</u>
<b>Expenditures:</b>				
Current:				
Leisure time activity:				
Parks and Recreation:				
Operating . . . . .	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total expenditures . . . . .	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Net change in fund balance. . . . .	(1,200)	(1,200)	354	1,554
<b>Fund balances 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>\$ 14</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ 1,568</u></u>	<u><u>\$ 1,554</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 157,000	\$ 157,000	\$ 166,903	\$ 9,903
Total revenues . . . . .	<u>157,000</u>	<u>157,000</u>	<u>166,903</u>	<u>9,903</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	10,000	10,000	10,000	-
Total municipal court . . . . .	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Debt Service:				
Principal retirement . . . . .	150,000	150,000	150,000	-
Total debt service . . . . .	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total expenditures . . . . .	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Net change in fund balances. . . . .	(3,000)	(3,000)	6,903	9,903
<b>Fund balances at beginning of year. . . .</b>	193,907	193,907	193,907	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 190,907</u>	<u>\$ 190,907</u>	<u>\$ 200,810</u>	<u>\$ 9,903</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 11,000	\$ 11,000	\$ 8,932	\$ (2,068)
Other . . . . .	8,500	8,500	10,242	1,742
Total revenues . . . . .	<u>19,500</u>	<u>19,500</u>	<u>19,174</u>	<u>(326)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating . . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures . . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances. . . . .	14,500	14,500	19,174	4,674
<b>Fund balances at beginning of year. . . .</b>	136,695	136,695	136,695	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 151,195</u>	<u>\$ 151,195</u>	<u>\$ 155,869</u>	<u>\$ 4,674</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, permits and fees . . . . .	\$ 180,000	\$ 189,830	\$ 189,827	\$ (3)
Total revenues . . . . .	<u>180,000</u>	<u>189,830</u>	<u>189,827</u>	<u>(3)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Cable TV:				
Operating . . . . .	180,000	189,830	189,827	3
Total expenditures . . . . .	<u>180,000</u>	<u>189,830</u>	<u>189,827</u>	<u>3</u>
Net change in fund balances. . . . .	-	-	-	-
<b>Fund balances at beginning of year. . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 25,000	\$ 25,000	\$ (13,479)	\$ (38,479)
Total revenues . . . . .	<u>25,000</u>	<u>25,000</u>	<u>(13,479)</u>	<u>(38,479)</u>
<b>Expenditures:</b>				
Current:				
Economic Development:				
Housing Rehabilitation:				
Operating . . . . .	25,000	25,000	-	25,000
Total expenditures . . . . .	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances. . . . .	-	-	(13,479)	(13,479)
<b>Fund balances at beginning of year. . . .</b>	54,433	54,433	54,433	-
<b>Prior year encumbrances appropriated . .</b>	266	266	266	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 54,699</u>	<u>\$ 54,699</u>	<u>\$ 41,220</u>	<u>\$ (13,479)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income . . . . .	\$ 1,500	\$ 1,500	\$ 10,279	\$ 8,779
Other . . . . .	-	-	104	104
Total revenues . . . . .	<u>1,500</u>	<u>1,500</u>	<u>10,383</u>	<u>8,883</u>
<b>Expenditures:</b>				
Current:				
Economic Development:				
Capital Improvement:				
Operating . . . . .	<u>617,185</u>	<u>617,185</u>	<u>528,435</u>	<u>88,750</u>
Total expenditures . . . . .	<u>617,185</u>	<u>617,185</u>	<u>528,435</u>	<u>88,750</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(615,685)</u>	<u>(615,685)</u>	<u>(518,052)</u>	<u>97,633</u>
<b>Other financing sources:</b>				
Other financing sources. . . . .	<u>219,385</u>	<u>219,385</u>	<u>377,116</u>	<u>157,731</u>
Total other financing sources . . . . .	<u>219,385</u>	<u>219,385</u>	<u>377,116</u>	<u>157,731</u>
Net change in fund balances. . . . .	(396,300)	(396,300)	(140,936)	255,364
<b>Fund balances at beginning of year. . . .</b>	877,885	877,885	877,885	-
<b>Prior year encumbrances appropriated .</b>	12,185	12,185	12,185	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 493,770</u>	<u>\$ 493,770</u>	<u>\$ 749,134</u>	<u>\$ 255,364</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, 2016

	<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 . . . . .	\$ 2,800	\$ 2,800	\$ 2,720	\$ (80)
Total revenues . . . . .	<u>2,800</u>	<u>2,800</u>	<u>2,720</u>	<u>(80)</u>
Net change in fund balances. . . . .	2,800	2,800	2,720	(80)
<b>Fund balances at beginning of year. . . .</b>	2,800	2,800	2,800	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,600</u>	<u>\$ 5,600</u>	<u>\$ 5,520</u>	<u>\$ (80)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income . . . . .	\$ 40	\$ 40	\$ 228	\$ 188
Total revenues . . . . .	<u>40</u>	<u>40</u>	<u>228</u>	<u>188</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Reservoir Enhancement:				
Operating . . . . .	21,200	21,200	-	21,200
Total expenditures . . . . .	<u>21,200</u>	<u>21,200</u>	<u>-</u>	<u>21,200</u>
Net change in fund balances. . . . .	(21,160)	(21,160)	228	21,388
<b>Fund balances at beginning of year. . . .</b>	21,165	21,165	21,165	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 21,393</u>	<u>\$ 21,388</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, 2016

	<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 . . . . .	\$ -	\$ -	\$ 15	\$ 15
Donations . . . . .	-	-	724	724
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>739</u>	<u>739</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Cemetery Enhancements:				
Operating . . . . .	<u>1,300</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Total expenditures . . . . .	<u>1,300</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Net change in fund balances . . . . .	(1,300)	(1,300)	739	2,039
<b>Fund balances at beginning of year . . . .</b>	<u>1,361</u>	<u>1,361</u>	<u>1,361</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 61</u></u>	<u><u>\$ 61</u></u>	<u><u>\$ 2,100</u></u>	<u><u>\$ 2,039</u></u>

**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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 270,000	\$ 309,458	\$ 348,914	\$ 39,456
Other . . . . .	-	-	8	8
Total revenues . . . . .	<u>270,000</u>	<u>309,458</u>	<u>348,922</u>	<u>39,464</u>
<b>Expenditures:</b>				
Current:				
General Government:				
General Operating:				
Salaries and wages . . . . .	21,130	21,130	21,059	71
Operating. . . . .	<u>78,722</u>	<u>120,050</u>	<u>79,087</u>	<u>40,963</u>
Total general operating . . . . .	<u>99,852</u>	<u>141,180</u>	<u>100,146</u>	<u>41,034</u>
Capital Improvements:				
Operating . . . . .	<u>135,000</u>	<u>135,000</u>	<u>174,457</u>	<u>(39,457)</u>
Total capital improvements . . . . .	<u>135,000</u>	<u>135,000</u>	<u>174,457</u>	<u>(39,457)</u>
Total expenditures . . . . .	<u>234,852</u>	<u>276,180</u>	<u>274,603</u>	<u>1,577</u>
Net change in fund balances. . . . .	35,148	33,278	74,319	41,041
<b>Fund balances at beginning of year. . . .</b>	75,801	75,801	75,801	-
<b>Prior year encumbrances appropriated .</b>	3,522	3,522	3,522	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 114,471</u>	<u>\$ 112,601</u>	<u>\$ 153,642</u>	<u>\$ 41,041</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**MUSEUM TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income . . . . .	\$ 500	\$ 500	\$ 500	\$ -
Donations. . . . .	6,000	7,475	7,841	366
Total revenues . . . . .	<u>6,500</u>	<u>7,975</u>	<u>8,341</u>	<u>366</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Trust Fund:				
Salaries and wages . . . . .	5,285	5,515	5,510	5
Operating. . . . .	2,700	4,025	3,215	810
Total expenditures . . . . .	<u>7,985</u>	<u>9,540</u>	<u>8,725</u>	<u>815</u>
Net change in fund balances. . . . .	(1,485)	(1,565)	(384)	1,181
<b>Fund balances at beginning of year. . . .</b>	11,983	11,983	11,983	-
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 10,498</u></u>	<u><u>\$ 10,418</u></u>	<u><u>\$ 11,599</u></u>	<u><u>\$ 1,181</u></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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Donations . . . . .	\$ -	\$ -	\$ 1,000	\$ 1,000
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Net change in fund balances . . . . .	-	-	1,000	1,000
<b>Fund balances at beginning of year . . . .</b>	61	61	61	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 1,061</u>	<u>\$ 1,000</u>

**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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 85,850	\$ 85,850	\$ 86,016	\$ 166
Intergovernmental . . . . .	10,500	10,500	10,476	(24)
Total revenues . . . . .	<u>96,350</u>	<u>96,350</u>	<u>96,492</u>	<u>142</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police Pension:				
Salaries and wages . . . . .	380,000	380,000	362,100	17,900
Operating . . . . .	2,500	2,500	895	1,605
Total expenditures . . . . .	<u>382,500</u>	<u>382,500</u>	<u>362,995</u>	<u>19,505</u>
Excess of expenditures over revenues . . .	<u>(286,150)</u>	<u>(286,150)</u>	<u>(266,503)</u>	<u>19,647</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	290,000	290,000	290,000	-
Total other financing sources . . . . .	<u>290,000</u>	<u>290,000</u>	<u>290,000</u>	<u>-</u>
Net change in fund balances. . . . .	3,850	3,850	23,497	19,647
<b>Fund balances at beginning of year. . . .</b>	<u>60,161</u>	<u>60,161</u>	<u>60,161</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 64,011</u>	<u>\$ 64,011</u>	<u>\$ 83,658</u>	<u>\$ 19,647</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 85,850	\$ 85,850	\$ 86,016	\$ 166
Intergovernmental . . . . .	10,500	10,500	10,476	(24)
Total revenues . . . . .	<u>96,350</u>	<u>96,350</u>	<u>96,492</u>	<u>142</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire Pension:				
Salaries and wages . . . . .	370,000	370,000	358,302	11,698
Operating . . . . .	2,500	2,500	895	1,605
Total expenditures . . . . .	<u>372,500</u>	<u>372,500</u>	<u>359,197</u>	<u>13,303</u>
Excess of expenditures over revenues . . .	<u>(276,150)</u>	<u>(276,150)</u>	<u>(262,705)</u>	<u>13,445</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	280,000	280,000	280,000	-
Total other financing sources . . . . .	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Net change in fund balances. . . . .	3,850	3,850	17,295	13,445
<b>Fund balances at beginning of year. . . .</b>	<u>34,372</u>	<u>34,372</u>	<u>34,372</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 38,222</u>	<u>\$ 38,222</u>	<u>\$ 51,667</u>	<u>\$ 13,445</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Fund balances at beginning of year. . . .</b>	\$ 32,373	\$ 32,373	\$ 32,373	\$ -
<b>Fund balance at end of year . . . . .</b>	<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, 2016

	<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 . . . . .	\$ 2,000	\$ 2,000	\$ 11,227	\$ 9,227
Donations . . . . .	500	500	706	206
Total revenues . . . . .	<u>2,500</u>	<u>2,500</u>	<u>11,933</u>	<u>9,433</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Operating . . . . .	<u>12,000</u>	<u>12,000</u>	<u>8,320</u>	<u>3,680</u>
Total expenditures . . . . .	<u>12,000</u>	<u>12,000</u>	<u>8,320</u>	<u>3,680</u>
Net change in fund balances . . . . .	(9,500)	(9,500)	3,613	13,113
<b>Fund balances at beginning of year . . . .</b>	59,445	59,445	59,445	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 49,945</u>	<u>\$ 49,945</u>	<u>\$ 63,058</u>	<u>\$ 13,113</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Fund balances at beginning of year. . . .</b>	\$ 2,110	\$ 2,110	\$ 2,110	\$ -
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,110</u>	<u>\$ 2,110</u>	<u>\$ 2,110</u>	<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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 38,900	\$ 60,924	\$ 45,566	\$ (15,358)
Donations. . . . .	-	-	2,575	2,575
Other . . . . .	-	-	114	114
Total revenues . . . . .	<u>38,900</u>	<u>60,924</u>	<u>48,255</u>	<u>(12,669)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	<u>64,330</u>	<u>94,330</u>	<u>92,151</u>	<u>2,179</u>
Total expenditures . . . . .	<u>64,330</u>	<u>94,330</u>	<u>92,151</u>	<u>2,179</u>
Net change in fund balances. . . . .	(25,430)	(33,406)	(43,896)	(10,490)
<b>Fund balances at beginning of year. . . .</b>	46,608	46,608	46,608	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 21,178</u>	<u>\$ 13,202</u>	<u>\$ 2,712</u>	<u>\$ (10,490)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other . . . . .	\$ -	\$ 26,654	\$ 27,827	\$ 1,173
Total revenues . . . . .	-	26,654	27,827	1,173
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	10,000	48,654	48,654	-
Total expenditures . . . . .	10,000	48,654	48,654	-
Net change in fund balances. . . . .	(10,000)	(22,000)	(20,827)	1,173
<b>Fund balances at beginning of year. . . .</b>	12,100	12,100	12,100	-
<b>Prior year encumbrances appropriated .</b>	10,000	10,000	10,000	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 12,100</u>	<u>\$ 100</u>	<u>\$ 1,273</u>	<u>\$ 1,173</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, 2016

	<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:				
Capital Outlay:				
Parks and Recreation:				
Operating . . . . .	\$ 3,800	\$ 3,800	\$ -	\$ 3,800
Total expenditures . . . . .	<u>3,800</u>	<u>3,800</u>	<u>-</u>	<u>3,800</u>
Net change in fund balances. . . . .	(3,800)	(3,800)	-	3,800
<b>Fund balances at beginning of year. . . .</b>	<u>3,855</u>	<u>3,855</u>	<u>3,855</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 55</u></u>	<u><u>\$ 55</u></u>	<u><u>\$ 3,855</u></u>	<u><u>\$ 3,800</u></u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**UNCLAIMED MONIES FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<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 . . . . .	\$ -	\$ -	\$ 189	\$ 189
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>189</u>	<u>189</u>
<b>Expenditures:</b>				
Current:				
Finance Department:				
Operating . . . . .	1,400	1,400	-	1,400
Total expenditures . . . . .	<u>1,400</u>	<u>1,400</u>	<u>-</u>	<u>1,400</u>
Net change in fund balances. . . . .	(1,400)	(1,400)	189	1,589
<b>Fund balances at beginning of year. . . .</b>	3,488	3,488	3,488	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,088</u>	<u>\$ 2,088</u>	<u>\$ 3,677</u>	<u>\$ 1,589</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessments . . . . .	\$ 121,070	\$ 121,070	\$ 119,791	\$ (1,279)
Total revenues. . . . .	<u>121,070</u>	<u>121,070</u>	<u>119,791</u>	<u>(1,279)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
County and State Charges:				
Operating . . . . .	4,000	4,000	3,886	114
Total county and state charges. . . . .	<u>4,000</u>	<u>4,000</u>	<u>3,886</u>	<u>114</u>
Debt Service:				
Principal retirement . . . . .	110,632	110,632	110,631	1
Interest and fiscal charges . . . . .	<u>3,084</u>	<u>3,084</u>	<u>-</u>	<u>3,084</u>
Total debt service . . . . .	<u>113,716</u>	<u>113,716</u>	<u>110,631</u>	<u>3,085</u>
Total expenditures . . . . .	<u>117,716</u>	<u>117,716</u>	<u>114,517</u>	<u>3,199</u>
Net change in fund balances. . . . .	3,354	3,354	5,274	1,920
<b>Fund balances at beginning of year. . . . .</b>	565,440	565,440	565,440	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 568,794</u>	<u>\$ 568,794</u>	<u>\$ 570,714</u>	<u>\$ 1,920</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SPLASH PAD TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Donations . . . . .	\$ -	\$ -	\$ 178,127	\$ 178,127
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>178,127</u>	<u>178,127</u>
Net change in fund balance . . . . .	-	-	178,127	178,127
<b>Fund balance at beginning of year . . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,127</u>	<u>\$ 178,127</u>

**CITY OF DEFIANCE, OHIO**

**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. Following is a description of the City's enterprise

**Major Enterprise Funds**

***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.

***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.

**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 used to provide water service to the residents and commercial users of the City.

**INTERNAL SERVICE FUNDS**

Internal service funds are used 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. Following is a description of the City's internal service fund:

***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)  
**SEWER FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 7,832,492	\$ 7,100,000	\$ 7,151,932	\$ 51,932
Other . . . . .	3,310	3,000	9,623	6,623
Total operating revenues . . . . .	7,835,802	7,103,000	7,161,555	58,555
<b>Operating expenses:</b>				
Personal services . . . . .	3,118,835	2,897,282	2,053,288	843,994
Contract services . . . . .	615,430	564,025	368,197	195,828
Materials and supplies . . . . .	518,348	475,051	310,115	164,936
Administrative costs . . . . .	75,708	69,384	45,294	24,090
Utilities . . . . .	477,824	458,139	291,639	166,500
Capital outlay . . . . .	4,379,957	4,014,108	2,620,423	1,393,685
Other . . . . .	139	127	83	44
Total operating expenses . . . . .	9,186,241	8,478,116	5,689,039	2,789,077
Operating income (loss) . . . . .	(1,350,439)	(1,375,116)	1,472,516	2,847,632
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	11,032	10,000	57,567	47,567
Sale of capital assets . . . . .	-	-	1,001	1,001
Issuance of loans . . . . .	102,891	93,269	87,015	(6,254)
Issuance of bonds . . . . .	69,315	62,833	2,766,833	2,704,000
Premium on notes . . . . .	-	-	9,900	9,900
Issuance of notes . . . . .	4,246,093	3,849,000	1,505,000	(2,344,000)
Debt service:				
Principal retirement . . . . .	(5,814,314)	(5,814,314)	(5,814,314)	-
Interest and fiscal charges . . . . .	(769,541)	(769,541)	(769,541)	-
Total nonoperating revenues (expenses) . . . . .	(2,154,524)	(2,568,753)	(2,156,539)	412,214
Loss before capital contributions . . . . .	(3,504,963)	(3,943,869)	(684,023)	3,259,846
Capital contributions . . . . .	172,094	156,000	157,000	1,000
Net change in fund equity . . . . .	(3,332,869)	(3,787,869)	(527,023)	3,260,846
<b>Fund equity at beginning of year . . . . .</b>	3,123,898	3,123,898	3,123,898	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,467,155	1,467,155	1,467,155	-
<b>Fund equity at end of year . . . . .</b>	\$ 1,258,184	\$ 803,184	\$ 4,064,030	\$ 3,260,846

**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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 5,968,850	\$ 5,968,850	\$ 5,982,681	\$ 13,831
Tap-in fees . . . . .	10,000	10,000	26,547	16,547
Other. . . . .	5,300	5,300	10,687	5,387
Total operating revenues. . . . .	5,984,150	5,984,150	6,019,915	35,765
<b>Operating expenses:</b>				
Personal services. . . . .	1,940,045	2,126,395	2,032,901	93,494
Contract services. . . . .	95,053	560,870	530,340	30,530
Materials and supplies . . . . .	196,265	1,158,082	1,095,044	63,038
Administrative costs . . . . .	3,336	19,682	18,611	1,071
Utilities . . . . .	(19,509)	259,780	260,600	(820)
Capital outlay . . . . .	816,904	4,820,214	4,557,834	262,380
Other. . . . .	375	2,215	2,094	121
Total operating expenses. . . . .	3,032,469	8,947,238	8,497,424	449,814
Operating income (loss) . . . . .	2,951,681	(2,963,088)	(2,477,509)	485,579
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	9,000	9,000	36,193	27,193
Bonds issued. . . . .	-	5,221,853	5,392,300	170,447
Loans issued . . . . .	2,183,472	2,183,472	-	(2,183,472)
Notes issued . . . . .	-	-	1,430,661	1,430,661
Debt service:				
Principal retirement. . . . .	(6,077,306)	(6,077,306)	(6,077,306)	-
Interest and fiscal charges. . . . .	(576,040)	(576,040)	(576,040)	-
Total nonoperating revenues (expenses) . . . . .	(4,460,874)	760,979	205,808	(555,171)
Loss before capital contributions. . . . .	(1,509,193)	(2,202,109)	(2,271,701)	(69,592)
Capital contributions . . . . .	-	-	130,275	130,275
Net change in fund equity . . . . .	(1,509,193)	(2,202,109)	(2,141,426)	60,683
<b>Fund equity at beginning of year. . . . .</b>	2,368,692	2,368,692	2,368,692	-
<b>Prior year encumbrances appropriated . . . . .</b>	983,969	983,969	983,969	-
<b>Fund equity at end of year . . . . .</b>	\$ 1,843,468	\$ 1,150,552	\$ 1,211,235	\$ 60,683

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2016

	Refuse	Utility Deposit	Total Nonmajor Enterprise Funds
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 421,617	\$ -	\$ 421,617
Receivables (net of allowance for uncollectibles):			
Accounts . . . . .	79,010	-	79,010
Total current assets. . . . .	500,627	-	500,627
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents. . .	-	484,767	484,767
Cash in segregated accounts . . . . .	74,942	-	74,942
Total noncurrent assets . . . . .	74,942	484,767	559,709
Total assets . . . . .	575,569	484,767	1,060,336
<b>Liabilities:</b>			
Accounts payable . . . . .	46,337	-	46,337
Current liabilities:			
Payable from restricted assets:			
Refundable deposits . . . . .	-	484,767	484,767
Total liabilities . . . . .	46,337	484,767	531,104
<b>Net position:</b>			
Unrestricted . . . . .	529,232	-	529,232
Total net position . . . . .	\$ 529,232	\$ -	\$ 529,232

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Refuse</u>	<u>Utility Deposit</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 952,016	\$ -	\$ 952,016
Other operating revenues . . . . .	5,374	-	5,374
Total operating revenues . . . . .	<u>957,390</u>	<u>-</u>	<u>957,390</u>
<b>Operating expenses:</b>			
Utilities . . . . .	1,038,246	-	1,038,246
Other operating expenses . . . . .	27	-	27
Total operating expenses . . . . .	<u>1,038,273</u>	<u>-</u>	<u>1,038,273</u>
Change in net position. . . . .	(80,883)	-	(80,883)
<b>Net position at beginning of year. . . . .</b>	<u>610,115</u>	<u>-</u>	<u>610,115</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 529,232</u>	<u>\$ -</u>	<u>\$ 529,232</u>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Refuse	Utility Deposit	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities:</b>			
Cash received from charges for services. . . . .	\$ 945,091	\$ 75,725	\$ 1,020,816
Cash received from other operations. . . . .	5,374	-	5,374
Cash payments for utilities. . . . .	(991,909)	-	(991,909)
Cash payments for other operations . . . . .	(27)	(16,925)	(16,952)
Net cash provided by (used in) operating activities . . . . .	(41,471)	58,800	17,329
Net increase (decrease) in cash and cash equivalents . . . . .	(41,471)	58,800	17,329
<b>Cash and cash equivalents at beginning of year . . .</b>	538,030	425,967	963,997
<b>Cash and cash equivalents at end of year . . . . .</b>	\$ 496,559	\$ 484,767	\$ 981,326
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss. . . . .	\$ (80,883)	\$ -	\$ (80,883)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Increase in accounts receivable. . . . .	(6,925)	-	(6,925)
Increase in accounts payable. . . . .	46,337	-	46,337
Increase in utility deposits payable. . . . .	-	58,800	58,800
Net cash provided by (used in) operating activities . . . .	\$ (41,471)	\$ 58,800	\$ 17,329

**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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 920,000	\$ 934,000	\$ 945,091	\$ 11,091
Other . . . . .	-	-	5,374	5,374
Total operating revenues . . . . .	920,000	934,000	950,465	16,465
<b>Operating expenses:</b>				
Utilities . . . . .	1,016,972	1,030,972	991,955	39,017
Other . . . . .	28	28	28	-
Total operating expenses . . . . .	1,017,000	1,031,000	991,983	39,017
Net change in fund equity . . . . .	(97,000)	(97,000)	(41,518)	55,482
<b>Fund equity at beginning of year . . . . .</b>	463,135	463,135	463,135	-
<b>Fund equity at end of year . . . . .</b>	\$ 366,135	\$ 366,135	\$ 421,617	\$ 55,482

**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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 75,000	\$ 75,000	\$ 75,725	\$ 725
Total operating revenues . . . . .	<u>75,000</u>	<u>75,000</u>	<u>75,725</u>	<u>725</u>
<b>Operating expenses:</b>				
Utilities . . . . .	<u>25,000</u>	<u>25,000</u>	<u>16,925</u>	<u>8,075</u>
Total operating expenses . . . . .	<u>25,000</u>	<u>25,000</u>	<u>16,925</u>	<u>8,075</u>
Net change in fund equity . . . . .	50,000	50,000	58,800	8,800
<b>Fund equity at beginning of year . . . . .</b>	<u>425,967</u>	<u>425,967</u>	<u>425,967</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 475,967</u>	<u>\$ 475,967</u>	<u>\$ 484,767</u>	<u>\$ 8,800</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, 2016

	<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 . . . . .	\$ 2,935,000	\$ 2,935,000	\$ 2,835,070	\$ (99,930)
Total operating revenues. . . . .	<u>2,935,000</u>	<u>2,935,000</u>	<u>2,835,070</u>	<u>(99,930)</u>
<b>Operating expenses:</b>				
Claims . . . . .	<u>3,025,389</u>	<u>3,025,389</u>	<u>2,819,732</u>	<u>205,657</u>
Total operating expenses. . . . .	<u>3,025,389</u>	<u>3,025,389</u>	<u>2,819,732</u>	<u>205,657</u>
Operating income (loss). . . . .	<u>(90,389)</u>	<u>(90,389)</u>	<u>15,338</u>	<u>105,727</u>
<b>Nonoperating revenues:</b>				
Interest revenue . . . . .	<u>400</u>	<u>400</u>	<u>1,575</u>	<u>1,175</u>
Total nonoperating revenues . . . . .	<u>400</u>	<u>400</u>	<u>1,575</u>	<u>1,175</u>
Net change in fund equity . . . . .	(89,989)	(89,989)	16,913	106,902
<b>Fund equity at beginning of year. . . . .</b>	174,117	174,117	174,117	-
<b>Prior year encumbrances appropriated . . . .</b>	90,389	90,389	90,389	-
<b>Fund equity at end of year . . . . .</b>	<u>\$ 174,517</u>	<u>\$ 174,517</u>	<u>\$ 281,419</u>	<u>\$ 106,902</u>



**CITY OF DEFIANCE, OHIO**

**FUND DESCRIPTIONS - FIDUCIARY FUNDS**

**FIDUCIARY FUNDS**

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 other funds. The City's only fiduciary fund is an agency fund.

**AGENCY FUNDS**

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

***Municipal Court Fund***

This fund accounts 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, 2016

<b>Municipal Court Fund</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Assets:</b>				
Cash in segregated accounts . . . . .	\$ 10,168	\$ 7,200	\$ 10,168	\$ 7,200
Total assets . . . . .	<u>\$ 10,168</u>	<u>\$ 7,200</u>	<u>\$ 10,168</u>	<u>\$ 7,200</u>
<b>Liabilities:</b>				
Due to other governments. . . . .	\$ 10,168	\$ 7,200	\$ 10,168	\$ 7,200
Total liabilities . . . . .	<u>\$ 10,168</u>	<u>\$ 7,200</u>	<u>\$ 10,168</u>	<u>\$ 7,200</u>

# 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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Schedules 1-4 reflect financial trends data to help the reader understand how the City's financial performance and well-being have changed over time.	<b>164-173</b>
Schedules 5-6 reflect revenue capacity and help the reader assess the City's most significant local revenue source, the income tax.	<b>174-177</b>
Schedules 7-11 reflect debt capacity and help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>178-187</b>
Schedules 12-13 offer demographic and economic information to help the reader understand the environment within which the City's financial activities take place, and to provide information that facilitates comparisons of financial information over time and among governments.	<b>188-189</b>
Schedules 14-16 contain operating information to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>190-195</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the City's annual financial reports for the relevant year.

**CITY OF DEFIANCE, OHIO**

SCHEDULE 1  
NET POSITION BY COMPONENT  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 16,547,338	\$ 14,972,611	\$ 14,422,564	\$ 14,481,473
Restricted for:				
Capital projects	178,127	-	48,399	-
Debt service	722,733	720,585	714,360	683,737
Transportation projects	427,612	804,151	892,276	712,739
Safety projects	455,825	527,162	506,120	553,081
Special projects	378,716	344,976	315,471	292,143
Community environment projects	41,220	54,699	16,832	19,132
Economic development projects	1,774,767	1,943,972	2,214,522	2,134,556
Health projects	3,161	1,422	526	3,094
Museum trust	332,600	-	-	-
Parks and recreation projects	-	-	-	-
Other purposes	297,697	423,454	261,533	250,264
Unrestricted (deficit)	<u>(3,140,465)</u>	<u>(2,901,972)</u>	<u>(4,364,958)</u>	<u>3,354,535</u>
Total governmental activities	<u>18,019,331</u>	<u>16,891,060</u>	<u>15,027,645</u>	<u>22,484,754</u>
<b>Business-type activities:</b>				
Net investment in capital assets	32,132,408	28,739,028	26,579,042	21,292,299
Unrestricted	<u>7,059,023</u>	<u>7,495,520</u>	<u>6,746,040</u>	<u>8,057,987</u>
Total business-type activities	<u>39,191,431</u>	<u>36,234,548</u>	<u>33,325,082</u>	<u>29,350,286</u>
<b>Total primary government:</b>				
Net investment in capital assets	48,679,746	43,711,639	41,001,606	35,773,772
Restricted	4,612,458	4,820,421	4,970,039	4,648,746
Unrestricted	<u>3,918,558</u>	<u>4,593,548</u>	<u>2,381,082</u>	<u>11,412,522</u>
Total primary government	<u>\$ 57,210,762</u>	<u>\$ 53,125,608</u>	<u>\$ 48,352,727</u>	<u>\$ 51,835,040</u>

**Note:** The restricted and unrestricted net assets categories for governmental activities for 2010 have been restated to conform to 2011 presentation of restricted and unrestricted net position.

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	14,851,497	\$ 14,739,970	\$ 13,848,663	\$ 14,665,319	\$ 14,021,819	\$ 13,799,408
	7,844	7,820	-	1,180,352	1,392,724	967,504
	844,314	1,085,623	1,237,297	1,188,099	1,212,716	1,194,515
	581,289	497,741	541,136	632,776	745,459	706,547
	498,201	618,436	625,783	583,247	492,417	400,250
	263,351	234,068	333,266	498,582	621,966	551,384
	47,820	4,804	23,804	27,686	125,358	130,221
	2,114,679	1,909,300	2,031,638	1,950,777	1,921,779	1,826,439
	6,684	5,861	5,367	6,169	7,718	19,564
	-	-	-	-	-	-
	-	-	-	34,995	34,995	34,995
	156,255	247,085	154,865	245,406	195,598	166,967
	2,850,904	4,013,245	3,667,142	2,597,515	3,940,429	4,826,514
	<u>22,222,838</u>	<u>23,363,953</u>	<u>22,468,961</u>	<u>23,610,923</u>	<u>24,712,978</u>	<u>24,624,308</u>
	21,768,542	18,422,430	15,279,312	15,197,096	12,651,704	11,696,962
	4,474,787	5,003,212	5,493,597	2,742,655	3,787,353	3,571,350
	<u>26,243,329</u>	<u>23,425,642</u>	<u>20,772,909</u>	<u>17,939,751</u>	<u>16,439,057</u>	<u>15,268,312</u>
	36,620,039	33,162,400	29,127,975	29,862,415	26,673,523	25,496,370
	4,520,437	4,610,738	4,953,156	6,348,089	6,750,730	5,998,386
	7,325,691	9,016,457	9,160,739	5,340,170	7,727,782	8,397,864
\$	<u>48,466,167</u>	<u>\$ 46,789,595</u>	<u>\$ 43,241,870</u>	<u>\$ 41,550,674</u>	<u>\$ 41,152,035</u>	<u>\$ 39,892,620</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 2  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services and sales:				
General government	\$ 596,553	\$ 586,116	\$ 442,820	\$ 552,784
Security of persons and property	1,076,534	1,171,564	1,060,229	1,198,534
Public health and welfare	85,339	66,674	105,452	69,403
Community environment	104,629	90,988	98,521	75,598
Leisure time activity	32,632	22,450	15,065	16,729
Economic development	116,665	110,454	128,563	20,567
Operating grants and contributions	1,413,213	1,863,760	1,613,806	1,420,889
Capital grants and contributions	2,561,591	677,251	475,707	982,639
Total governmental activities	<u>5,987,156</u>	<u>4,589,257</u>	<u>3,940,163</u>	<u>4,337,143</u>
Business-type activities:				
Charges for services and sales:				
Sewer	7,033,171	7,036,691	6,842,532	6,252,710
Water	5,919,633	5,931,419	5,800,439	5,900,065
Refuse	952,016	945,507	907,542	885,936
Operating grants and contributions	-	-	-	-
Capital grants and contributions	287,275	239,844	414,190	158,860
Total business-type activities	<u>14,192,095</u>	<u>14,153,461</u>	<u>13,964,703</u>	<u>13,197,571</u>
Total primary government	<u><u>20,179,251</u></u>	<u><u>18,742,718</u></u>	<u><u>17,904,866</u></u>	<u><u>17,534,714</u></u>
<b>Expenses:</b>				
Governmental activities:				
General government	3,585,624	3,641,100	2,943,207	3,154,896
Security of persons and property	7,462,722	6,405,325	5,490,081	5,516,843
Public health and welfare	413,763	333,559	283,541	259,593
Transportation	2,875,847	1,785,648	1,726,774	2,070,218
Community environment	586,442	424,611	422,575	464,158
Leisure time activity	878,295	722,802	647,226	777,604
Economic development	283,231	662,026	458,031	681,350
Utility services	-	-	-	-
Other	-	-	-	-
Interest and fiscal charges	118,987	119,328	118,383	121,774
Total governmental activities	<u>16,204,911</u>	<u>14,094,399</u>	<u>12,089,818</u>	<u>13,046,436</u>
Business-type activities:				
Sewer	5,358,623	5,386,271	4,955,025	4,769,476
Water	5,033,472	4,920,630	4,448,309	5,068,496
Refuse	1,038,273	1,011,149	973,524	787,148
Total business-type activities	<u>11,430,368</u>	<u>11,318,050</u>	<u>10,376,858</u>	<u>10,625,120</u>
Total primary government	<u><u>\$ 27,635,279</u></u>	<u><u>\$ 25,412,449</u></u>	<u><u>\$ 22,466,676</u></u>	<u><u>\$ 23,671,556</u></u>
<b>Net (expense) revenue:</b>				
Governmental activities	\$ (10,217,755)	\$ (9,505,142)	\$ (8,149,655)	\$ (8,709,293)
Business-type activities	2,761,727	2,835,411	3,587,845	2,572,451
Total primary government	<u><u>(7,456,028)</u></u>	<u><u>(6,669,731)</u></u>	<u><u>(4,561,810)</u></u>	<u><u>(6,136,842)</u></u>



	2012	2011	2010	2009	2008	2007
\$	391,824	\$ 367,422	\$ 289,696	\$ 378,315	\$ 395,715	\$ 464,448
	1,130,824	1,191,219	1,343,214	1,171,103	1,247,379	1,180,003
	68,467	68,689	72,449	41,521	58,774	66,705
	109,874	73,168	103,689	95,422	175,633	179,334
	25,780	23,133	25,835	21,246	25,162	37,141
	21,715	573	290	253	493	290
	1,752,458	1,863,347	1,685,214	1,644,771	1,331,141	1,409,456
	489,168	1,056,917	497,525	322,650	171,030	201,996
	<u>3,990,110</u>	<u>4,644,468</u>	<u>4,017,912</u>	<u>3,675,281</u>	<u>3,405,327</u>	<u>3,539,373</u>
	6,388,276	6,113,369	5,279,085	4,690,081	4,301,484	4,158,792
	6,031,392	5,415,327	4,842,869	4,194,197	4,090,704	4,020,403
	876,007	819,619	766,697	726,603	764,881	671,841
	-	-	-	-	-	23,077
	-	-	2,228,539	14,354	313,087	-
	<u>13,295,675</u>	<u>12,348,315</u>	<u>13,117,190</u>	<u>9,625,235</u>	<u>9,470,156</u>	<u>8,874,113</u>
	<u>17,285,785</u>	<u>16,992,783</u>	<u>17,135,102</u>	<u>13,300,516</u>	<u>12,875,483</u>	<u>12,413,486</u>
	3,065,260	2,817,789	3,429,558	3,405,877	2,700,947	3,438,927
	5,725,571	5,429,001	6,043,793	5,727,001	5,718,266	5,559,839
	237,991	244,943	224,256	207,391	288,007	253,008
	2,257,425	1,746,391	2,533,251	1,798,226	2,463,188	2,149,203
	600,805	475,458	556,280	522,191	586,847	523,893
	820,217	650,516	740,699	697,284	995,983	961,329
	888,011	903,603	381,070	834,468	84,009	275,686
	-	5,335	-	-	-	-
	-	-	-	15,700	4,913	4,908
	124,912	83,200	77,825	41,344	29,296	48,348
	<u>13,720,192</u>	<u>12,356,236</u>	<u>13,986,732</u>	<u>13,249,482</u>	<u>12,871,456</u>	<u>13,215,141</u>
	5,313,868	4,691,866	6,192,897	3,971,144	3,993,639	4,193,689
	4,746,280	4,406,534	4,224,602	4,196,427	4,282,755	3,827,063
	828,551	785,210	725,206	680,242	726,933	630,422
	<u>10,888,699</u>	<u>9,883,610</u>	<u>11,142,705</u>	<u>8,847,813</u>	<u>9,003,327</u>	<u>8,651,174</u>
\$	<u>24,608,891</u>	<u>\$ 22,239,846</u>	<u>\$ 25,129,437</u>	<u>\$ 22,097,295</u>	<u>\$ 21,874,783</u>	<u>\$ 21,866,315</u>
\$	(9,730,082)	\$ (7,711,768)	\$ (9,968,820)	\$ (9,574,201)	\$ (9,466,129)	\$ (9,675,768)
	2,406,976	2,464,705	1,974,485	777,422	466,829	222,939
	<u>(7,323,106)</u>	<u>(5,247,063)</u>	<u>(7,994,335)</u>	<u>(8,796,779)</u>	<u>(8,999,300)</u>	<u>(9,452,829)</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 2  
 CHANGES IN NET POSITION (CONTINUED)  
 LAST TEN YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General revenues and other changes in net position:</b>				
Governmental activities:				
Income taxes levied for:				
General purposes	6,527,709	6,481,829	6,015,181	5,760,134
Special purposes	1,658,961	1,642,395	1,495,912	24,562
Capital purposes	1,631,555	1,628,533	1,521,532	1,411,401
Property taxes levied for:				
General purposes	603,781	593,210	620,421	550,030
Special purposes	520,946	487,238	439,290	412,283
Grants and entitlements not restricted to specific programs	276,974	249,294	387,599	524,815
Investment earnings	65,862	38,491	5,153	32,216
Payments in lieu of taxes	-	-	-	67,034
Change in fair market value of investments	10,967	(17,150)	-	-
Miscellaneous	142,151	258,453	431,790	247,289
Transfers	<u>(92,880)</u>	<u>6,264</u>	<u>(1,737,268)</u>	<u>(58,555)</u>
Total governmental activities	<u>11,346,026</u>	<u>11,368,557</u>	<u>9,179,610</u>	<u>8,971,209</u>
Business-type activities:				
Investment earnings	74,504	43,082	37,063	30,295
Miscellaneous	27,772	37,237	63,592	107,946
Transfers	92,880	(6,264)	1,737,268	58,555
Special items	-	-	-	337,710
Total business-type activities	<u>195,156</u>	<u>74,055</u>	<u>1,837,923</u>	<u>534,506</u>
Total primary government	<u>11,541,182</u>	<u>11,442,612</u>	<u>11,017,533</u>	<u>9,505,715</u>
<b>Change in net position:</b>				
Governmental activities	1,128,271	1,863,415	1,029,955	261,916
Business-type activities	2,956,883	2,909,466	5,425,768	3,106,957
Total primary government	<u>\$ 4,085,154</u>	<u>\$ 4,772,881</u>	<u>\$ 6,455,723</u>	<u>\$ 3,368,873</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
5,540,859	5,209,705	5,458,481	5,227,106	5,933,088	6,502,751
23,028	21,871	23,236	21,395	25,248	27,315
1,381,685	1,312,258	1,394,167	1,283,680	1,514,902	1,638,902
523,667	521,650	543,275	525,405	602,325	664,808
403,551	365,707	334,523	305,992	340,946	363,825
768,909	1,096,255	1,024,894	909,503	1,089,930	949,213
25,118	19,885	13,353	22,217	155,049	404,382
66,732	82,256	82,943	83,895	-	-
-	-	-	-	-	-
201,507	101,646	540,547	99,418	231,871	208,359
(346,089)	(50,409)	(588,561)	(6,465)	(338,560)	(56,712)
<u>8,588,967</u>	<u>8,680,824</u>	<u>8,826,858</u>	<u>8,472,146</u>	<u>9,554,799</u>	<u>10,702,843</u>
19,942	14,382	5,659	9,888	69,086	229,311
44,680	263,944	264,453	269,208	296,270	327,942
346,089	50,409	588,561	6,465	338,560	56,712
-	-	-	437,711	-	-
<u>410,711</u>	<u>328,735</u>	<u>858,673</u>	<u>723,272</u>	<u>703,916</u>	<u>613,965</u>
<u>8,999,678</u>	<u>9,009,559</u>	<u>9,685,531</u>	<u>9,195,418</u>	<u>10,258,715</u>	<u>11,316,808</u>
(1,141,115)	969,056	(1,141,962)	(1,102,055)	88,670	1,027,075
2,817,687	2,793,440	2,833,158	1,500,694	1,170,745	836,904
<u>\$ 1,676,572</u>	<u>\$ 3,762,496</u>	<u>\$ 1,691,196</u>	<u>\$ 398,639</u>	<u>\$ 1,259,415</u>	<u>\$ 1,863,979</u>

**CITY OF DEFIANCE, OHIO**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General fund:</b>				
Nonspendable	\$ 3,677	\$ 3,488	\$ 1,414	\$ 93
Committed	-	-	-	-
Assigned	351,793	61,305	81,324	200,750
Unassigned	3,505,898	3,176,273	2,538,419	1,638,857
Reserved	-	-	-	-
Unreserved	-	-	-	-
<b>Total general fund</b>	<u>3,861,368</u>	<u>3,241,066</u>	<u>2,621,157</u>	<u>1,839,700</u>
<b>All other governmental funds:</b>				
Nonspendable	45,395	62,290	47,100	33,615
Restricted	4,865,781	5,080,218	4,651,756	4,372,647
Committed	535,260	1,200,258	867,404	1,212,727
Unassigned (deficit)	-	-	(90,666)	(498,051)
Reserved	-	-	-	-
Unreserved (deficit), reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
<b>Total all other governmental funds</b>	<u>5,446,436</u>	<u>6,342,766</u>	<u>5,475,594</u>	<u>5,120,938</u>
<b>Total governmental funds</b>	<u>\$ 9,307,804</u>	<u>\$ 9,583,832</u>	<u>\$ 8,096,751</u>	<u>\$ 6,960,638</u>

**Note:** The City implemented GASB Statement No. 54 in 2011.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 93	\$ 87	\$ -	\$ -	\$ -	\$ -
8,165	-	-	-	-	-
535,956	364,029	-	-	-	-
1,050,874	1,255,774	-	-	-	-
-	-	190,796	298,434	571,452	524,398
-	-	1,573,664	2,044,712	3,019,128	3,871,519
<u>1,595,088</u>	<u>1,619,890</u>	<u>1,764,460</u>	<u>2,343,146</u>	<u>3,590,580</u>	<u>4,395,917</u>
37,124	23,882	-	-	-	-
4,223,607	4,345,580	-	-	-	-
1,037,169	2,073,285	-	-	-	-
-	-	-	-	-	-
-	-	2,959,329	5,866,656	3,707,457	3,003,392
-	-	1,917,162	2,133,103	2,012,299	2,174,078
-	-	(3,128,520)	(3,148,530)	442,761	326,347
<u>5,297,900</u>	<u>6,442,747</u>	<u>1,747,971</u>	<u>4,851,229</u>	<u>6,162,517</u>	<u>5,503,817</u>
<u>\$ 6,892,988</u>	<u>\$ 8,062,637</u>	<u>\$ 3,512,431</u>	<u>\$ 7,194,375</u>	<u>\$ 9,753,097</u>	<u>\$ 9,899,734</u>

**CITY OF DEFIANCE, OHIO**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>				
Income taxes	\$ 9,819,596	\$ 9,731,224	\$ 9,059,983	\$ 6,859,653
Property and other local taxes	1,115,263	1,093,043	1,031,890	967,412
Payments in lieu of taxes	-	-	-	67,034
Charges for services	682,231	752,932	677,255	752,837
Licenses, permits and fees	264,417	288,432	303,813	369,843
Fines and forfeitures	745,139	736,546	741,019	790,492
Intergovernmental	3,933,444	2,782,356	2,346,937	2,846,068
Special assessments	119,791	122,734	34,246	36,196
Investment income	102,619	87,084	57,564	85,328
Donations	415,498	123,066	52,343	7,553
Change in fair market value of investments	10,967	(17,150)	-	-
Other	153,871	285,692	429,910	245,989
Total revenues	<u>17,362,836</u>	<u>15,985,959</u>	<u>14,734,960</u>	<u>13,028,405</u>
<b>Expenditures:</b>				
Current:				
General government	3,091,634	3,400,259	2,845,060	2,740,480
Security of persons and property	6,387,578	6,007,907	5,505,787	5,179,234
Public health and welfare	291,343	282,332	252,955	224,443
Transportation	1,401,327	933,455	873,971	845,468
Community environment	483,181	385,516	407,403	426,724
Leisure time activity	650,598	615,564	557,923	552,903
Economic development	386,731	662,026	492,102	681,350
Other	-	-	-	-
Capital outlay	4,516,353	1,795,440	2,551,370	3,101,258
Debt service:				
Principal retirement	319,823	318,923	331,625	184,686
Interest and fiscal charges	121,399	121,741	120,850	124,250
Bond issuance costs	-	-	-	-
Total expenditures	<u>17,649,967</u>	<u>14,523,163</u>	<u>13,939,046</u>	<u>14,060,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,131)</u>	<u>1,462,796</u>	<u>795,914</u>	<u>(1,032,391)</u>
<b>Other financing sources (uses):</b>				
Premium on notes issued	-	-	-	-
Issuance of bonds	-	-	-	-
Premium on bonds issued	-	-	-	-
Capital lease transaction	-	-	196,890	-
Transfers in	4,264,652	4,260,305	4,200,300	380,000
Transfers (out)	(4,258,724)	(4,254,041)	(4,167,713)	(388,085)
Issuance of loans	-	-	110,722	1,108,126
Sale of capital assets	5,175	18,021	-	-
Total other financing sources (uses)	<u>11,103</u>	<u>24,285</u>	<u>340,199</u>	<u>1,100,041</u>
Net change in fund balances	<u>\$ (276,028)</u>	<u>\$ 1,487,081</u>	<u>\$ 1,136,113</u>	<u>\$ 67,650</u>
Capital expenditures	\$ 3,387,670	\$ 1,705,584	\$ 1,314,436	\$ 1,957,981
Debt service as a percentage of noncapital expenditures	3.09%	3.44%	3.58%	2.55%

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	6,934,078	\$ 6,645,815	\$ 6,709,254	\$ 6,574,354	\$ 7,392,483	\$ 8,144,681
	937,902	907,400	882,023	833,037	941,651	990,413
	66,732	82,256	82,943	83,895	-	-
	671,448	664,054	695,129	571,591	583,007	610,410
	259,187	280,571	307,950	283,514	362,524	411,195
	796,536	795,442	838,380	857,055	957,625	906,316
	2,943,779	3,932,905	2,969,152	2,835,054	2,306,703	2,331,185
	40,992	41,695	88,403	111,684	128,763	128,306
	88,827	78,555	76,653	86,723	223,765	463,182
	6,480	40,284	31,167	12,050	22,504	92,831
	-	-	-	-	-	-
	198,445	99,346	518,328	99,418	231,871	209,200
	<u>12,944,406</u>	<u>13,568,323</u>	<u>13,199,382</u>	<u>12,348,375</u>	<u>13,150,896</u>	<u>14,287,719</u>
	2,624,218	2,729,651	3,204,581	3,326,526	2,608,253	3,310,360
	5,223,915	5,162,340	5,633,172	5,494,652	5,565,046	5,168,495
	207,560	215,876	209,367	195,960	256,613	237,907
	1,003,738	1,090,575	1,286,092	944,909	924,908	925,825
	506,585	527,416	530,248	501,339	577,079	489,268
	595,366	543,357	542,834	565,067	744,411	783,809
	888,011	903,603	381,070	834,468	84,009	275,686
	-	-	-	15,700	4,913	4,908
	3,775,372	1,721,528	4,904,016	2,885,875	2,363,794	1,914,186
	164,543	106,308	104,703	107,723	132,368	551,951
	147,398	52,821	78,407	41,913	30,026	49,224
	-	75,000	-	-	-	-
	<u>15,136,706</u>	<u>13,128,475</u>	<u>16,874,490</u>	<u>14,914,132</u>	<u>13,291,420</u>	<u>13,711,619</u>
	(2,192,300)	439,848	(3,675,108)	(2,565,757)	(140,524)	576,100
	-	-	-	-	-	186
	-	4,075,000	-	-	-	-
	-	42,588	-	-	-	-
	-	-	-	-	-	4,471
	410,000	1,459,967	671,356	456,000	1,108,237	395,000
	(499,681)	(1,467,197)	(678,192)	(462,465)	(1,114,350)	(400,781)
	1,112,332	-	-	-	-	-
	-	-	-	13,500	-	-
	<u>1,022,651</u>	<u>4,110,358</u>	<u>(6,836)</u>	<u>7,035</u>	<u>(6,113)</u>	<u>(1,124)</u>
\$	<u>(1,169,649)</u>	<u>4,550,206</u>	<u>(3,681,944)</u>	<u>(2,558,722)</u>	<u>(146,637)</u>	<u>574,976</u>
\$	2,299,108	\$ 1,781,679	\$ 3,863,981	\$ 2,570,136	\$ 1,123,330	\$ 942,062
	2.43%	1.40%	1.41%	1.21%	1.33%	4.71%

**CITY OF DEFIANCE, OHIO**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Income tax rate</b>	1.80%	1.80%	1.80%	1.50%
<b>Income tax receipts:</b>				
Employee withholding	\$ 7,264,772	\$ 6,966,593	\$ 6,515,630	\$ 5,425,774
% of total	73.0%	72.6%	73.2%	79.8%
Corporate	1,470,360	1,561,195	1,417,159	706,863
% of total	14.8%	16.3%	15.9%	10.4%
Individuals	1,223,337	1,072,016	962,614	668,325
% of total	12.3%	11.2%	10.8%	9.8%
Total income tax receipts	<u>\$ 9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>	<u>\$ 6,800,962</u>

**Source:** City of Defiance Income Tax



	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$	5,792,726	\$ 5,533,044	\$ 5,374,407	\$ 5,245,899	\$ 5,861,752	\$ 6,356,243
	83.2%	82.6%	80.8%	79.6%	78.1%	76.2%
	744,150	701,004	825,523	880,991	1,163,740	1,457,108
	10.7%	10.5%	12.4%	13.4%	15.5%	17.5%
	427,740	461,777	451,815	462,826	476,250	529,900
	6.1%	6.9%	6.8%	7.0%	6.3%	6.4%
	<u>\$ 6,964,616</u>	<u>\$ 6,695,825</u>	<u>\$ 6,651,745</u>	<u>\$ 6,589,716</u>	<u>\$ 7,501,742</u>	<u>\$ 8,343,251</u>

**CITY OF DEFIANCE, OHIO**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Tax Rate Components:</b>				
General operations	1.195%	1.195%	1.195%	1.195%
Police and fire	0.3%	0.3%	0.3%	0.0%
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>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>	<u>1.50%</u>
<b>Allocation of Receipts:</b>				
General fund	\$ 6,610,431	\$ 6,381,313	\$ 6,110,345	\$ 5,417,017
% of total	66.4%	66.5%	68.7%	79.7%
Police and fire fund	1,660,077	1,589,045	1,225,003	-
% of total	16.7%	16.6%	13.8%	0.0%
Capital improvements fund	1,660,077	1,602,533	1,534,374	1,360,193
% of total	16.7%	16.7%	17.2%	20.0%
SCMR fund (street maintenance)	27,884	26,913	25,681	23,752
% of total	0.3%	0.3%	0.3%	0.3%
Total income tax allocated	<u>\$ 9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>	<u>\$ 6,800,962</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, and 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 in June of 2005.

Three-tenths percent (0.3%) to provide funds for the purpose of operation of the police and fire divisions within the department of service and safety. This portion of the tax is allocated to the police and fire fund, and became effective in January of 2014.

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

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
1.195%	1.195%	1.195%	1.195%	1.195%	1.195%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$ 5,548,478	\$ 5,334,329	\$ 5,298,498	\$ 5,249,652	\$ 5,976,388	\$ 6,646,790
79.7%	79.7%	79.7%	79.7%	79.7%	79.7%
-	-	-	-	-	-
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1,392,923	1,339,176	1,331,064	1,318,096	1,500,348	1,668,650
20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
23,215	22,320	22,184	21,968	25,006	27,811
0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
<u>\$ 6,964,616</u>	<u>\$ 6,695,825</u>	<u>\$ 6,651,745</u>	<u>\$ 6,589,716</u>	<u>\$ 7,501,742</u>	<u>\$ 8,343,251</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 7  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental activities:</b>				
General obligation bonds payable <sup>4</sup>	\$ 3,266,437	\$ 3,443,561	\$ 3,620,685	\$ 3,792,809
Special assessment bonds payable	-	-	-	13,043
Bond anticipation notes	700,000	-	-	-
OWDA loans payable	1,981,503	2,098,062	2,214,437	2,220,458
Capital lease obligations	109,239	137,503	165,051	-
<b>Business-type activities:</b>				
General obligation bonds payable <sup>4</sup>	7,429,523	5,743,854	6,477,095	7,175,337
Special assessment bonds payable	44,070	53,631	62,672	71,222
Bond anticipation notes	1,505,000	3,849,000	4,349,000	4,849,000
OWDA loans payable	28,469,070	30,198,958	31,533,115	32,532,365
OPWC loans payable	1,523,808	155,661	217,232	289,420
Capital lease obligations	-	-	-	-
Total primary government	<u>\$ 45,028,650</u>	<u>\$ 45,680,230</u>	<u>\$ 48,639,287</u>	<u>\$ 50,943,654</u>
<b>Debt per capita:</b>				
City population <sup>1</sup>	16,676	16,995	16,776	16,836
Outstanding debt per capita	\$ 2,700	\$ 2,688	\$ 2,899	\$ 3,026
<b>Debt as percentage of personal income:</b>				
Personal income <sup>2</sup>	\$ 602,470,528	\$ 625,382,010	\$ 607,828,032	\$ 610,001,952
Percentage of personal income	7.47%	7.30%	8.00%	8.35%
<b>Business-type debt per customer:</b>				
Number of customers <sup>3</sup>	6,654	6,649	6,635	6,669
Outstanding debt per customer	\$ 5,857	\$ 6,016	\$ 6,426	\$ 6,735

**Notes and 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>Number of water customers per the City of Defiance Utility Billing Office.

<sup>4</sup>Includes unamortized bond premiums.

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	3,964,933	\$ 4,117,057	\$ 40,000	\$ 80,000	\$ 120,000	\$ 160,000
	27,729	42,272	106,815	166,358	229,316	317,284
	-	-	4,650,000	4,800,000	-	225,000
	1,112,332	-	-	-	-	-
	-	-	1,765	6,925	11,690	16,090
	7,848,578	8,486,820	9,105,062	9,688,303	10,256,545	10,794,786
	79,307	86,952	94,182	101,018	107,483	113,596
	4,336,000	4,918,000	5,420,000	4,347,000	4,774,000	4,819,000
	31,610,089	32,816,389	32,714,041	29,051,352	22,892,250	16,026,896
	371,573	451,992	530,737	607,863	683,429	757,486
	-	-	-	3,041	9,257	14,996
<b>\$</b>	<b>49,350,541</b>	<b>\$ 50,919,482</b>	<b>\$ 52,662,602</b>	<b>\$ 48,851,860</b>	<b>\$ 39,083,970</b>	<b>\$ 33,245,134</b>
	16,956	17,079	16,494	16,012	16,046	16,039
\$	2,911	\$ 2,981	\$ 3,193	\$ 3,051	\$ 2,436	\$ 2,073
\$	600,055,884	\$ 569,123,517	\$ 516,245,706	\$ 493,057,516	\$ 513,921,288	\$ 505,228,500
	8.22%	8.95%	10.20%	9.91%	7.61%	6.58%
	6,619	6,641	6,607	6,679	6,669	6,672
\$	6,685	\$ 7,041	\$ 7,244	\$ 6,558	\$ 5,806	\$ 4,875

**CITY OF DEFIANCE, OHIO**

SCHEDULE 8  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Population<sup>1</sup></b>	16,676	16,995	16,776	16,836
<b>Assessed value<sup>2</sup></b>	\$ 309,257,400	\$ 320,277,520	\$ 319,027,680	\$ 299,057,480
<b>General bonded debt:</b>				
General obligation bonds payable <sup>3</sup>	\$ 10,695,960	\$ 9,187,415	\$ 10,097,780	\$ 10,968,146
<b>Ratio of net bonded debt to assessed value</b>	3.46%	2.87%	3.17%	3.67%
<b>Net bonded debt per capita</b>	\$ 641	\$ 541	\$ 602	\$ 651

**Sources:**

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

<sup>2</sup>Defiance County Auditor.

<sup>3</sup>Includes unamortized bond premiums.

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
16,956	17,079	16,494	16,012	16,046	16,039
\$ 300,457,400	\$ 276,385,000	\$ 277,919,920	\$ 280,455,300	\$ 286,340,580	\$ 292,134,140
\$ 11,813,511	\$ 12,603,877	\$ 9,145,062	\$ 9,768,303	\$ 10,376,545	\$ 10,954,786
3.93%	4.56%	3.29%	3.48%	3.62%	3.75%
\$ 697	\$ 738	\$ 554	\$ 610	\$ 647	\$ 683

**CITY OF DEFIANCE, OHIO**

SCHEDULE 9  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF DECEMBER 31, 2016

<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>	\$ 6,057,179	100.00%	\$ 6,057,179
<b>Overlapping Debt:</b>			
Defiance County	2,672,017	34.13%	911,959
Defiance City School District	23,385,000	82.57%	19,308,995
Ayersville Local School District	13,541,121	25.42%	3,442,153
Four County Career Center Joint Vocational School District	2,555,000	9.09%	232,250
Northeastern Local School District	4,055,000	29.24%	1,185,682
Total overlapping debt	<u>46,208,138</u>		<u>25,081,039</u>
Total direct and overlapping debt	<u>\$ 52,265,317</u>		<u>\$ 31,138,218</u>

**Note:** The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed property values that is within the subdivision's boundaries and dividing it by the City's total taxable assessed property values.

**Source:** Ohio Municipal Advisory Council.



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**CITY OF DEFIANCE, OHIO**

SCHEDULE 10  
LEGAL DEBT MARGIN  
LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total assessed property value</b>	\$ 309,257,400	\$ 320,277,520	\$ 319,027,680	\$ 299,057,480
<b>Overall legal debt limit</b> (10 1/2 % of assessed valuation)	32,472,027	33,629,140	33,497,906	31,401,035
Debt outstanding:				
General obligation bonds payable <sup>3</sup>	10,224,593	8,860,000	9,725,000	10,550,000
Special assessment bonds payable	44,070	53,631	62,672	84,265
Bond anticipation notes	2,205,000	3,849,000	4,349,000	4,849,000
OWDA loans payable	30,450,573	32,297,020	33,747,552	34,752,823
OPWC loans payable	1,523,808	155,661	217,232	289,420
Total gross indebtedness	<u>44,448,044</u>	<u>45,215,312</u>	<u>48,101,456</u>	<u>50,525,508</u>
Less <sup>1</sup> :				
General obligation bonds payable <sup>3</sup>	6,989,593	5,450,000	6,140,000	6,795,000
Special assessment bonds payable	44,070	53,631	62,672	84,265
Bond anticipation notes	2,205,000	3,849,000	4,349,000	4,849,000
OWDA loans payable	30,450,573	32,297,020	33,747,552	34,752,823
OPWC loans payable	1,523,808	155,661	217,232	289,420
Total net debt applicable to debt limit	<u>3,235,000</u>	<u>3,410,000</u>	<u>3,585,000</u>	<u>3,755,000</u>
Add: debt service fund equity <sup>2</sup>	<u>570,714</u>	<u>565,440</u>	<u>556,615</u>	<u>620,652</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 29,807,741</u>	<u>\$ 30,784,580</u>	<u>\$ 30,469,521</u>	<u>\$ 28,266,687</u>
Legal debt margin as a percentage of the debt limit	91.80%	91.54%	90.96%	90.02%
<b>Unvoted debt limit</b>	<u>17,009,157</u>	<u>17,615,264</u>	<u>17,546,522</u>	<u>16,448,161</u>
Unvoted legal debt margin within 5 1/2 % limitation	<u>\$ 17,009,157</u>	<u>\$ 17,615,264</u>	<u>\$ 17,546,522</u>	<u>\$ 16,448,161</u>
Unvoted legal debt margin as a percentage of the unvoted debt limit	100.00%	100.00%	100.00%	100.00%

**Notes:**

<sup>1</sup>Self-supporting and enterprise fund debt are not considered in the calculation of legal debt margin.

<sup>2</sup>Debt service fund equity was unavailable prior to 2009.

<sup>3</sup>Excludes unamortized bond premiums.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 300,457,400	\$ 276,385,000	\$ 277,919,920	\$ 280,455,300	\$ 286,340,580	\$ 292,134,140
<u>31,548,027</u>	<u>29,020,425</u>	<u>29,181,592</u>	<u>29,447,807</u>	<u>30,065,761</u>	<u>30,674,085</u>
11,350,000	12,095,000	8,635,000	9,215,000	9,780,000	10,315,000
107,036	129,224	200,997	267,376	336,799	430,880
4,336,000	4,918,000	10,070,000	9,147,000	4,774,000	5,044,000
31,610,089	32,816,389	32,714,041	29,051,352	22,892,250	16,026,896
371,573	451,992	530,737	607,863	683,429	757,486
<u>47,774,698</u>	<u>50,410,605</u>	<u>52,150,775</u>	<u>48,288,591</u>	<u>38,466,478</u>	<u>32,574,262</u>
7,425,000	8,020,000	8,595,000	9,135,000	9,660,000	10,155,000
107,036	129,224	200,997	267,376	336,799	430,880
4,336,000	4,918,000	10,070,000	9,147,000	4,774,000	5,044,000
31,610,089	32,816,389	32,714,041	29,051,352	22,892,250	16,026,896
371,573	451,992	530,737	607,863	683,429	757,486
<u>3,925,000</u>	<u>4,075,000</u>	<u>40,000</u>	<u>80,000</u>	<u>120,000</u>	<u>160,000</u>
<u>765,828</u>	<u>1,007,820</u>	<u>1,003,362</u>	<u>954,176</u>	<u>-</u>	<u>-</u>
<u>\$ 28,388,855</u>	<u>\$ 25,953,245</u>	<u>\$ 30,144,954</u>	<u>\$ 30,321,983</u>	<u>\$ 29,945,761</u>	<u>\$ 30,514,085</u>
89.99%	89.43%	103.30%	102.97%	99.60%	99.48%
<u>16,525,157</u>	<u>15,201,175</u>	<u>15,285,596</u>	<u>15,425,042</u>	<u>15,748,732</u>	<u>16,067,378</u>
<u>\$ 16,525,157</u>	<u>\$ 15,201,175</u>	<u>\$ 15,285,596</u>	<u>\$ 15,425,042</u>	<u>\$ 15,748,732</u>	<u>\$ 16,067,378</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**CITY OF DEFIANCE, OHIO**

SCHEDULE 11  
 PLEDGED REVENUE COVERAGE  
 LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>OWDA Loans - Sewer System<sup>1</sup></b>				
Gross revenues <sup>2</sup>	\$ 7,091,386	\$ 7,091,366	\$ 6,895,460	\$ 6,270,952
Direct operating expenses <sup>3</sup>	<u>3,274,574</u>	<u>3,128,395</u>	<u>2,820,670</u>	<u>3,035,848</u>
Net revenue available for debt service	3,816,812	3,962,971	4,074,790	3,235,104
Annual debt service requirement <sup>4</sup>	2,342,678	2,388,868	2,321,512	2,087,309
Coverage	1.63	1.66	1.76	1.55
<b>OWDA Loans - Water Reservoir</b>				
Gross revenues <sup>2</sup>	\$ 5,957,319	\$ 5,957,063	\$ 5,843,398	\$ 6,030,551
Direct operating expenses <sup>3</sup>	<u>3,729,053</u>	<u>3,484,253</u>	<u>3,061,255</u>	<u>3,712,770</u>
Net revenue available for debt service	2,228,266	2,472,810	2,782,143	2,317,781
Annual debt service requirement <sup>4</sup>	432,939	438,506	438,506	438,505
Coverage	5.15	5.64	6.34	5.29

**Notes:**

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

<sup>2</sup>Gross revenues are derived from sewer and water customer user charges, and include interest revenue.

<sup>3</sup>Direct operating expenses do include depreciation expense.

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

n/a - not applicable prior to 2008.

**Source:** City of Defiance Finance Department.

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	6,437,330	\$ 6,364,585	\$ 5,528,935	\$ 4,950,558	\$ 4,598,972	\$ 4,575,143
	3,664,100	2,954,268	4,941,769	2,884,596	2,908,124	2,903,426
	<u>2,773,230</u>	<u>3,410,317</u>	<u>587,166</u>	<u>2,065,962</u>	<u>1,690,848</u>	<u>1,671,717</u>
	2,905,438	3,061,015	2,035,828	1,407,607	817,363	813,857
	0.95	1.11	0.29	1.47	2.07	2.05
\$	6,045,464	\$ 5,442,437	\$ 4,863,131	\$ 4,196,841	\$ 4,110,023	n/a
	3,328,556	2,885,831	2,692,862	2,702,414	2,815,298	n/a
	<u>2,716,908</u>	<u>2,556,606</u>	<u>2,170,269</u>	<u>1,494,427</u>	<u>1,294,725</u>	n/a
	438,506	431,761	444,610	444,610	393,034	n/a
	6.20	5.92	4.88	3.36	3.29	n/a

**CITY OF DEFIANCE, OHIO**

SCHEDULE 12  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

Year	Population <sup>1</sup>	Total Personal Income <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rates <sup>4</sup>		
					Defiance County	State of Ohio	United States
2016	16,676	\$ 602,470,528	\$ 36,128	2,723	4.8%	4.9%	4.9%
2015	16,995	625,382,010	36,798	2,607	4.3%	4.6%	5.6%
2014	16,776	607,828,032	36,232	2,650	5.4%	5.7%	6.2%
2013	16,836	610,001,952	36,232	2,723	7.2%	7.4%	7.4%
2012	16,956	600,055,884	35,389	2,657	7.4%	7.4%	8.1%
2011	17,079	569,123,517	33,323	2,654	9.2%	8.7%	8.9%
2010	16,494	516,245,706	31,299	2,723	11.8%	10.0%	9.6%
2009	16,012	493,057,516	30,793	2,685	13.8%	10.2%	9.3%
2008	16,046	513,921,288	32,028	2,556	7.5%	6.6%	5.8%
2007	16,039	505,228,500	31,500	2,392	5.6%	5.6%	4.6%

**Notes and 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**

<b>Employer</b>	<b>Tax Year 2015</b>		
	<b>Employees<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Johns Manville Corporation (MFG)	717	1	3.83%
Defiance Metal Products (MFG)	677	2	3.61%
Defiance College	651	3	3.47%
Defiance City Schools	509	4	2.72%
Wal Mart (RETAIL)	468	5	2.50%
Defiance County	402	6	2.15%
Defiance Regional Medical Center	388	7	2.07%
Meijer (RETAIL)	356	8	1.90%
Mercy Medical Partners	305	9	1.63%
First Federal of Defiance (BNK)	254	10	1.36%
	4,727		25.24%
<b>Total Employment Within the City</b>	<b>18,738</b>		

<b>Employer</b>	<b>Tax Year 2006</b>		
	<b>Employees<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
General Motors Company (MFG) <sup>1</sup>	758	1	3.29%
Johns Manville Corporation (MFG)	757	2	3.29%
Defiance Metal Products (MFG)	620	3	2.69%
Defiance College	589	4	2.56%
Defiance County	505	5	2.19%
Defiance City Schools	501	6	2.17%
Meijer (RETAIL)	455	7	1.98%
Defiance Regional Medical Center	393	8	1.71%
Fauster-Cameron (HLTH)	353	9	1.53%
K-Mart (RETAIL)	286	10	1.24%
	5,217		22.65%
<b>Total Employment Within the City</b>	<b>23,037</b>		

**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 remains a major local employer located just outside the City corporation limit. As the company is not required to withhold City taxes for its employees, accurate W-2 records after tax year 2012 are no longer available or counted for the purposes of this report.

<sup>3</sup>The information for tax year 2015 and tax year 2006 is the most current information covering a ten-year period available as of December 31, 2016.

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

**CITY OF DEFIANCE, OHIO**

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

<b>Function/Division</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<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	12.9	13.0	12.5	13.5	13.8	13.3	13.2	12.6	12.3
Mayor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.3	2.1
Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	4.9	4.3	3.8	3.8	3.7	3.8	3.8	3.9	4.0	4.0
Law	3.5	3.5	3.4	3.0	3.3	3.8	3.8	3.8	3.5	3.3
Civil Service*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Income Tax	1.0	1.0	1.0	1.0	1.0	1.7	2.0	2.0	2.0	1.1
Buildings and Land	2.1	1.9	1.6	1.6	1.6	1.6	1.6	1.6	2.1	2.1
Engineer	6.9	5.4	6.6	5.7	6.5	5.6	6.2	5.5	4.7	3.2
	<u>39.6</u>	<u>37.0</u>	<u>37.4</u>	<u>35.6</u>	<u>37.6</u>	<u>38.3</u>	<u>38.7</u>	<u>38.0</u>	<u>37.2</u>	<u>34.1</u>
<b>Security of Persons and Property:</b>										
Police	33.9	33.2	34.1	31.3	31.1	31.7	32.8	32.9	32.9	33.1
Fire	38.4	37.8	35.2	29.7	28.7	30.6	32.7	35.1	36.3	35.2
	<u>72.3</u>	<u>71.0</u>	<u>69.3</u>	<u>61.0</u>	<u>59.8</u>	<u>62.3</u>	<u>65.5</u>	<u>68.0</u>	<u>69.2</u>	<u>68.3</u>
<b>Leisure Time Activities:</b>										
Parks and Recreation	8.3	7.1	7.9	7.7	7.8	7.2	7.1	6.8	10.6	11.7
Cemetery	4.4	4.4	4.2	3.8	3.0	2.9	2.8	2.8	4.5	3.4
Cultural/Historian*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	<u>13.1</u>	<u>12.0</u>	<u>12.6</u>	<u>12.0</u>	<u>11.3</u>	<u>10.6</u>	<u>10.4</u>	<u>10.1</u>	<u>15.6</u>	<u>15.6</u>
<b>Community Development:</b>										
Building Inspections	2.3	1.8	1.9	2.5	2.1	1.6	1.4	1.3	1.4	2.0
<b>Transportation:</b>										
Streets	10.3	10.8	11.6	9.6	10.1	11.1	11.2	12.0	10.9	12.5
<b>Utility Services:</b>										
Utility Billing	5.8	6.1	6.4	6.8	6.1	6.1	6.1	6.1	5.7	7.0
Water Treatment/Distribution	19.8	19.9	21.5	19.7	20.1	19.9	22.4	22.6	26.3	22.7
Wastewater Treatment/Collection	20.0	18.5	20.3	18.0	18.3	18.9	18.2	18.4	15.4	14.9
	<u>45.6</u>	<u>44.5</u>	<u>48.2</u>	<u>44.5</u>	<u>44.5</u>	<u>44.9</u>	<u>46.7</u>	<u>47.1</u>	<u>47.4</u>	<u>44.6</u>
<b>Total</b>	<u><u>183.2</u></u>	<u><u>177.1</u></u>	<u><u>181.0</u></u>	<u><u>165.2</u></u>	<u><u>165.3</u></u>	<u><u>168.8</u></u>	<u><u>173.9</u></u>	<u><u>176.5</u></u>	<u><u>181.7</u></u>	<u><u>177.1</u></u>

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

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

**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>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Government:</b>				
General fund beginning balance (cash)	\$2,305,035	\$1,929,849	\$1,159,602	\$1,239,095
General fund revenues (cash)	9,881,035	9,740,976	9,491,539	8,709,434
General fund expenditures (cash)	9,144,119	9,365,790	8,721,292	8,788,927
General fund ending balance (cash)	<u>\$3,041,951</u>	<u>\$2,305,035</u>	<u>\$1,929,849</u>	<u>\$1,159,602</u>
<b>Municipal Court:</b>				
Cases heard and closed	9,191	9,163	9,761	9,832
<b>Police:</b>				
Total calls for services	17,517	16,964	18,203	18,353
Traffic violations	1,349	1,236	1,571	1,983
Motor vehicle accidents	830	896	909	805
Criminal arrests	1,132	1,322	1,596	2,045
<b>Fire/Emergency Medical Services:</b>				
Fire calls	410	437	415	603
EMS calls	2,088	2,189	1,841	1,439
Fire safety inspections	1,361	1,409	1,019	1,142
<b>Building Inspections:</b>				
Construction permits issued	1,151	998	897	925
Estimated value of construction	\$8,078,849	\$5,035,057	\$5,649,615	\$5,902,162
<b>Recreation:</b>				
Swimming pool memberships	52	38	51	50
Shelter house rentals	51	55	61	45
<b>Streets:</b>				
Salt usage (tons)	400	500	570	600
Cost of salt purchased	\$30,788	\$46,250	\$30,876	\$27,702
<b>Water:</b>				
Monthly avg. water treated (mil. Gal.)	91.2	84.7	90.7	98.4
Water customers	6,654	6,649	6,635	6,669
Water main breaks repaired	18	30	32	50
<b>Water Pollution Control:</b>				
Sewer lines cleaned/repaired (ft.)	85,143	70,100	84,500	76,000
Sewer customers	6,513	6,492	6,495	6,523

**Sources:** Various City of Defiance Divisions.

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$1,376,242	\$1,511,693	\$1,970,107	\$2,840,494	\$3,866,343	\$3,184,285
8,831,048	8,901,881	8,358,947	8,546,209	9,377,084	10,217,683
8,968,195	9,037,332	8,817,361	9,416,596	10,402,933	9,535,625
<u>\$1,239,095</u>	<u>\$1,376,242</u>	<u>\$1,511,693</u>	<u>\$1,970,107</u>	<u>\$2,840,494</u>	<u>\$3,866,343</u>
9,688	9,572	9,998	9,651	11,593	11,134
21,030	23,194	25,834	28,655	26,285	26,657
1,485	1,590	1,710	2,003	2,195	2,349
846	826	821	900	1,116	956
2,031	2,164	2,185	2,669	2,266	2,509
629	474	574	579	617	581
1,477	1,609	1,475	1,348	1,478	1,425
1,296	848	35	12	2	158
1,007	937	1,161	1,208	929	1,032
\$6,253,697	\$4,913,011	\$7,161,765	\$6,800,582	\$17,494,447	\$28,849,492
55	40	41	31	57	57
57	54	64	66	105	103
570	275	1,051	1,016	1,113	1,628
\$38,741	\$18,755	\$71,442	\$77,887	\$66,354	\$68,897
106.8	97.9	112.2	108.4	118.7	126.6
6,619	6,641	6,607	6,679	6,669	6,672
0	49	74	36	61	50
86,440	32,304	17,640	19,480	20,350	24,600
6,422	6,438	6,426	6,480	6,466	6,478

**CITY OF DEFIANCE, OHIO**

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

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Police:</b>				
Stations	1	1	1	1
Vehicles	13	13	13	13
<b>Fire/EMS:</b>				
Stations	1	1	1	1
Vehicles - Fire	9	9	9	10
Vehicles - EMS	3	3	3	3
<b>Parks and Recreation:</b>				
Parks	8	8	8	1
Pools	1	1	1	1
Tennis courts	8	8	8	8
Sand volleyball courts	2	2	2	2
Basketball courts	4	4	4	4
Ball fields	12	13	14	14
Park shelter houses	13	13	13	13
<b>Streets:</b>				
Streets (miles)	128.50	127.80	122.80	142.00
Vehicles	18	18	17	18
<b>Water:</b>				
Water lines (miles)	156.40	151.80	151.80	151.80
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	350 mg

**Sources:** Various City of Defiance Divisions.

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
1	1	1	1	1	1
12	12	12	12	11	11
1	1	1	1	1	1
9	9	9	9	9	9
3	3	3	3	3	3
8	8	8	8	8	8
1	1	1	1	2	2
8	8	8	8	7	9
2	2	2	2	2	0
4	4	4	4	4	4
14	14	14	13	12	12
13	13	13	13	13	13
142.00	110.12	103.66	99.78	99.22	98.97
18	17	18	17	17	17
126.37	125.62	123.54	123.54	121.06	116.50
3	3	3	3	3	3
1.6 mg	1.6 mg	1.6 mg	1.6 mg	1.6 mg	1.6 mg
350 mg	350 mg	350 mg	350 mg	350 mg	n/a

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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  
AUGUST 24, 2017