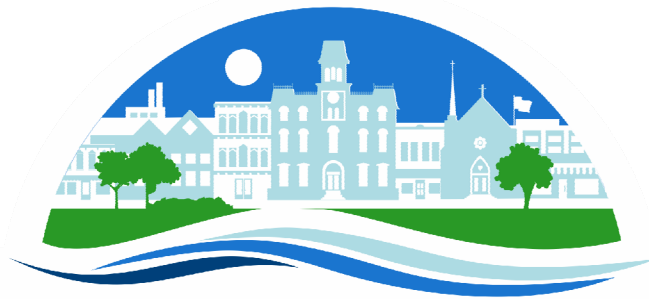


City of Defiance, Ohio



DEFIANCE  
*a great place to live*

Comprehensive Annual Financial Report

for the year ended December 31, 2020



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

City Council  
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, 2020 through December 31, 2020. 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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 09, 2021

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**CITY OF DEFIANCE, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020**

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July 29, 2021

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

Transmittal Letter

I am pleased to submit the Comprehensive Annual Financial Report for the City of Defiance, Ohio (the “City”) for the year ended December 31, 2020. The Comprehensive Annual Financial Report 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 Comprehensive Annual Financial Report 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 comprehensive internal controls that are 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 internal controls have 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, 2020, 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.

In addition to the financial audit, a single audit was performed as required by the Single Audit Act Amendment of 1996 and the provisions of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. The single audit report is not included in this Comprehensive Annual Financial Report.

As part of the City’s independent audit, tests are made to determine the adequacy of the internal controls, 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, 2020 provided no instances of material weaknesses in internal controls 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 16,990 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 2020 was impacted by the COVID-19 pandemic in ways similar to those seen throughout the country: high unemployment and reduced income tax revenue, but along with unprecedented relief from the federal government and strong retail sales. Income tax receipts, the City's largest single source of revenue, were down 3.5%, but were much better than worst-case scenarios contemplated early in the pandemic. In keeping with momentum of the last several years, multiple new retail enterprises were planned during 2020, and have since opened. Unemployment rates in Defiance County peaked at 21.9% in 2020, but ended the year at 4.5%. Comparable numbers for the State of Ohio were 16.7% and 5.3%, respectively. Nationwide unemployment peaked at 14.8% and ended the year at 6.7%.

The City maintains a AA- bond rating from Standard & Poor's Ratings Services. The City's current income tax rate of 1.8%, established in 2013, continues to be a source of projected long-term stability in the City's general fund.

### **Long-Term Financial Planning**

The General Fund balance increased \$1,183,477 in 2020 to \$5.67 million, a 26.4% increase. The increase was attributable to an influx of federal and state stimulus funds in response to the COVID-19 pandemic. Without it, the General Fund balance would have been down nearly 10%. The City anticipates that income tax revenue will rebound in 2021, and the new year brings the promise of even more federal stimulus dollars. That said, the City Council and Administration recognize the one-time nature of stimulus dollars and will plan operating budgets from the position of "business-as-usual". Much discussion is happening around how to best use stimulus dollars on projects that will yield long-term benefit.

The City will continue to aggressively invest in its parks, trails and other public lands, in an ongoing effort to bolster its abundant natural resource assets. These efforts are deemed important to the City's economic development strategy.

The City continues to work with the Ohio EPA through a multi-year process to evaluate strategies for addressing combined sewer overflows into the Maumee and Auglaize Rivers, and whether a cost-effective strategy can be developed that would also help with deteriorating warm-weather water conditions in Lake Erie. The Maumee River watershed is the largest watershed of any of the rivers feeding the Great Lakes. Costs associated with the City's initial plan, as proscribed by the original consent order, became prohibitive after an investment of over \$30 million in the first eight years of a twenty-year plan. Results of the evaluation effort are promising, offering projected costs over 40 percent less than the initial plan costs of \$118 million.

The City has no plans to issue new debt in 2021.

## 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, 2019. 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.

The Certificate of Achievement is valid for a period of one year only. The City has received it for each of the last ten years. 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 seventh consecutive year, the *Ohio Auditor of State Award with Distinction* for its “clean” audit report for the year ended December 31, 2019.

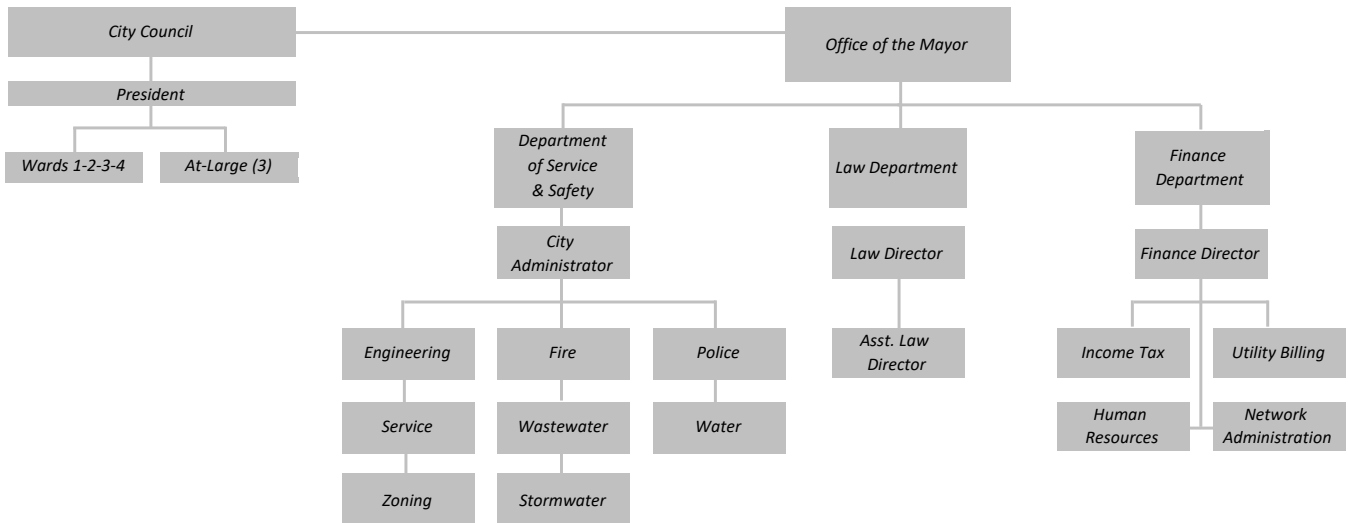
I would like to express my appreciation to the employees of the Defiance Finance Department for their hard work and professionalism. The successful preparation of this document would not be possible without their efforts. I would also like to thank the Mayor and Members of City Council for their ongoing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

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, 2020

Elected Officials

Mayor	Mike McCann
City Council:	
President	David McMaster
At-Large	Joe Eureste
At-Large	Steve Waxler
At-Large	Jill Krutsch
1 <sup>st</sup> Ward	Steve Corbitt
2 <sup>nd</sup> Ward	John Hancock
3 <sup>rd</sup> Ward	John Mast
4 <sup>th</sup> Ward	Chris Engel
Municipal Court Judge	John T. Rohrs, III

Appointed Officials

City Administrator	Jeffery S. Leonard
Law Director	Sean O'Donnell
Finance Director	John W. Lehner
Council Clerk	Lisa Elders
Municipal Court Clerk	Casey Linebrink



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, 2019

*Christopher P. Morill*

Executive Director/CEO

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## FINANCIAL SECTION

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## 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, 2020, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 for the purpose of expressing an opinion on the effectiveness of the City of Defiance's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Police and Fire Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matters***

As described in Note 3 to the financial statements, in 2020, the City of Defiance adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As described in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Defiance. Our opinions are not modified with respect to these matters.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2021, on our consideration of the City of Defiance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Defiance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Defiance's internal control over financial reporting and compliance.

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

Julian & Grube, Inc.  
July 29, 2021

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (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, 2020. 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 2020 are as follows:

- The total net position of the City increased \$6,572,944. Net position of governmental activities increased \$3,936,786 from 2019's net position, and net position of business-type activities increased \$2,636,158 from 2019's net position.
- General revenues accounted for \$13,439,020 or 65.05% of total governmental activities revenue. Program specific revenues accounted for \$7,221,930 or 34.95% of total governmental activities revenue.
- The City had \$16,739,653 in expenses related to governmental activities; \$7,221,930 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 \$13,439,020.
- 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 \$10,425,866 in 2020, while the expenditures and other financing uses totaled \$9,242,389. The net increase in fund balance for the general fund was \$1,183,477.
- The police and fire fund had revenues and other financing sources in the amount of \$5,847,218 in 2020, and expenditures totaling \$5,430,962. The net increase in fund balance for the police and fire fund was \$416,256.
- The capital improvements fund had revenues and other financing sources of \$5,176,320 and expenditures and other financing uses of \$4,204,058 in 2020. The net increase in fund balance for the capital improvements fund was \$972,262.
- Net position for the business-type activities, which is made up of the sewer, water, refuse, and utility deposit enterprise funds, increased in 2020 by \$2,636,158. 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 \$392,621 less than the amounts reported in the final budget and other financing sources, and actual expenditures and other financing uses were \$1,198,298 less than the amounts reported in the final budget as a result of closely monitored spending practices. Original budgeted revenues and other financing sources were \$35,151 less than the final budget and other financing sources. Budgeted expenditures and other financing uses increased \$208,750 from the original to the final budget.

#### **Using this Comprehensive Annual Financial Report**

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

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (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 2020?" 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.

#### **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.

## **CITY OF DEFIANCE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (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.

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

The City maintains one type of proprietary fund. 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.

#### ***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. Custodial funds are the City's only fiduciary fund type.

#### ***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.

#### ***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/OPEB liabilities.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b><u>Assets</u></b>						
Current and other assets	\$ 16,519,706	\$ 13,064,635	\$ 8,009,374	\$ 8,864,494	\$ 24,529,080	\$ 21,929,129
Capital assets, net	31,486,966	28,186,525	83,910,683	80,515,751	115,397,649	108,702,276
Total assets	<u>48,006,672</u>	<u>41,251,160</u>	<u>91,920,057</u>	<u>89,380,245</u>	<u>139,926,729</u>	<u>130,631,405</u>
<b><u>Deferred outflows of resources</u></b>						
Unamortized deferred charges	18,137	-	67,383	53,101	85,520	53,101
Pension	3,555,621	5,480,181	496,768	1,235,902	4,052,389	6,716,083
OPEB	1,760,174	1,230,551	372,483	195,062	2,132,657	1,425,613
Total deferred outflows of resources	<u>5,333,932</u>	<u>6,710,732</u>	<u>936,634</u>	<u>1,484,065</u>	<u>6,270,566</u>	<u>8,194,797</u>
<b><u>Liabilities</u></b>						
Current liabilities	911,708	724,947	857,440	1,719,506	1,769,148	2,444,453
Long-term liabilities:						
Due within one year	1,291,911	1,085,978	3,355,764	3,766,775	4,647,675	4,852,753
Net pension liability	15,910,240	18,536,976	2,824,976	3,892,622	18,735,216	22,429,598
Net OPEB liability	4,724,286	4,339,541	2,106,420	1,968,334	6,830,706	6,307,875
Other amounts	7,781,960	7,270,267	36,390,014	35,680,145	44,171,974	42,950,412
Total liabilities	<u>30,620,105</u>	<u>31,957,709</u>	<u>45,534,614</u>	<u>47,027,382</u>	<u>76,154,719</u>	<u>78,985,091</u>
<b><u>Deferred inflows of resources</u></b>						
Property taxes	824,300	777,300	-	-	824,300	777,300
Pension	2,187,880	129,040	611,853	57,079	2,799,733	186,119
OPEB	1,151,808	478,118	299,932	5,715	1,451,740	483,833
Total deferred inflows of resources	<u>4,163,988</u>	<u>1,384,458</u>	<u>911,785</u>	<u>62,794</u>	<u>5,075,773</u>	<u>1,447,252</u>
<b><u>Net position</u></b>						
Net investment in capital assets	26,012,948	22,525,710	44,812,994	41,221,061	70,825,942	63,746,771
Restricted	5,440,665	4,231,411	-	-	5,440,665	4,231,411
Unrestricted (deficit)	(12,897,102)	(12,137,396)	1,597,298	2,553,073	(11,299,804)	(9,584,323)
Total net position	<u>\$ 18,556,511</u>	<u>\$ 14,619,725</u>	<u>\$ 46,410,292</u>	<u>\$ 43,774,134</u>	<u>\$ 64,966,803</u>	<u>\$ 58,393,859</u>

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

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64,966,803. At December 31, 2020, net position was \$18,556,511 and \$46,410,292 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, 2020  
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At December 31, 2020, capital assets represented 82.47% 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 65.59% of total assets, while capital assets of the business-type activities represented 91.29% of total assets. The net investment in capital assets at December 31, 2020 was \$26,012,948 and \$44,812,994 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, \$5,440,665, 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, 2020  
(UNAUDITED)

The table below shows the changes in net position for 2020 and 2019.

	<b>Change in Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	2020	2019
	Activities	Activities	Activities	Activities	Total	Total
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>		
<b>Revenues:</b>						
Program revenues:						
Charges for services and sales	\$ 1,963,924	\$ 14,678,913	\$ 2,259,966	\$ 14,173,442	\$ 16,642,837	\$ 16,433,408
Operating grants and contributions	3,238,068	-	1,762,295	-	3,238,068	1,762,295
Capital grants and contributions	<u>2,019,938</u>	<u>27,083</u>	<u>1,065,338</u>	<u>187,930</u>	<u>2,047,021</u>	<u>1,253,268</u>
Total program revenues	<u>7,221,930</u>	<u>14,705,996</u>	<u>5,087,599</u>	<u>14,361,372</u>	<u>21,927,926</u>	<u>19,448,971</u>
General revenues:						
Property taxes	1,043,273	-	1,151,126	-	1,043,273	1,151,126
Income taxes	10,582,549	-	10,831,730	-	10,582,549	10,831,730
Unrestricted grants and entitlements	347,125	-	314,117	-	347,125	314,117
Investment earnings	123,741	96,399	163,562	152,184	220,140	315,746
Change in fair value of investments	314,194	-	249,100	-	314,194	249,100
Miscellaneous	<u>1,028,138</u>	<u>136,787</u>	<u>304,351</u>	<u>70,638</u>	<u>1,164,925</u>	<u>374,989</u>
Total general revenues	<u>13,439,020</u>	<u>233,186</u>	<u>13,013,986</u>	<u>222,822</u>	<u>13,672,206</u>	<u>13,236,808</u>
Total revenues	<u>20,660,950</u>	<u>14,939,182</u>	<u>18,101,585</u>	<u>14,584,194</u>	<u>35,600,132</u>	<u>32,685,779</u>
<b>Expenses:</b>						
General government	3,804,175	-	4,271,614	-	3,804,175	4,271,614
Security of persons and property	8,462,178	-	1,838,646	-	8,462,178	1,838,646
Public health and welfare	395,628	-	463,193	-	395,628	463,193
Transportation	2,158,810	-	2,186,816	-	2,158,810	2,186,816
Community environment	746,462	-	981,167	-	746,462	981,167
Leisure time activity	616,210	-	863,666	-	616,210	863,666
Economic development	327,664	-	145,816	-	327,664	145,816
Interest and fiscal charges	228,526	-	200,761	-	228,526	200,761
Water	-	5,481,227	-	5,560,402	5,481,227	5,560,402
Sewer	-	5,757,708	-	6,012,562	5,757,708	6,012,562
Other business-type activities	-	<u>1,048,600</u>	-	<u>990,111</u>	<u>1,048,600</u>	<u>990,111</u>
Total expenses	<u>16,739,653</u>	<u>12,287,535</u>	<u>10,951,679</u>	<u>12,563,075</u>	<u>29,027,188</u>	<u>23,514,754</u>
Change in net position before transfers	<u>3,921,297</u>	<u>2,651,647</u>	<u>7,149,906</u>	<u>2,021,119</u>	<u>6,572,944</u>	<u>9,171,025</u>
Transfers	<u>15,489</u>	<u>(15,489)</u>	<u>15,489</u>	<u>(15,489)</u>	<u>-</u>	<u>-</u>
Change in net position	3,936,786	2,636,158	7,165,395	2,005,630	6,572,944	9,171,025
Net position, beginning of year	<u>14,619,725</u>	<u>43,774,134</u>	<u>7,454,330</u>	<u>41,768,504</u>	<u>58,393,859</u>	<u>49,222,834</u>
Net position, end of year	<u>\$ 18,556,511</u>	<u>\$ 46,410,292</u>	<u>\$ 14,619,725</u>	<u>\$ 43,774,134</u>	<u>\$ 64,966,803</u>	<u>\$ 58,393,859</u>

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)**

**Governmental Activities**

Governmental activities net position increased \$3,936,786.

During 2020, the City’s income tax revenue decreased \$249,181 over 2019’s. The income tax revenues were the result of increasing unemployment during 2020 because of the COVID-19 pandemic.

Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$8,462,178 of the total expenses of the City. These expenses were partially funded by \$1,171,351 in direct charges to users of the services, and \$1,322,260 in operating grants and contributions. Transportation expenses totaled \$2,158,810 in 2020. Transportation expenses were partially funded by \$1,315,263 in operating grants and contributions and \$1,305,000 in capital grants and contributions.

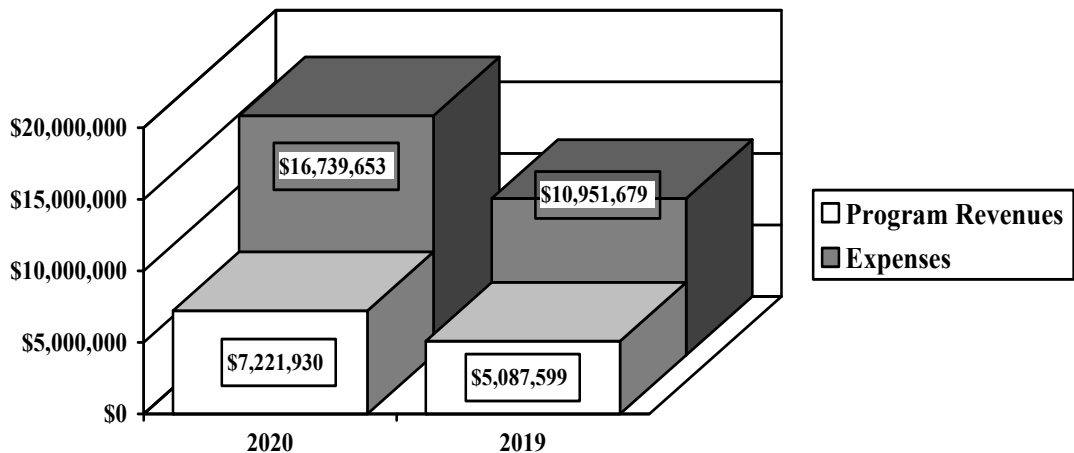
The State and federal government contributed to the City a total of \$3,238,068 in operating grants and contributions and \$2,019,938 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$246,071 subsidized public health and welfare operations, \$167,826 subsidized general government operations and \$186,648 subsidized economic development programs. Of the total capital grants and contributions, \$1,305,000 subsidized transportation expenses and \$643,660 subsidized public health and welfare.

Security of persons and property expenses increased \$6,623,532 primarily due to the implementation of a new stipend-based health care model by Ohio Police & Fire (OP&F), which caused a large decrease in the City’s net OPEB liability in 2019.

General revenues totaled \$13,439,020 and amounted to 65.05% of total governmental activities revenue. These revenues primarily consist of property and income tax revenue totaling \$11,625,822. 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 \$347,125.

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 2020 and 2019. 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**

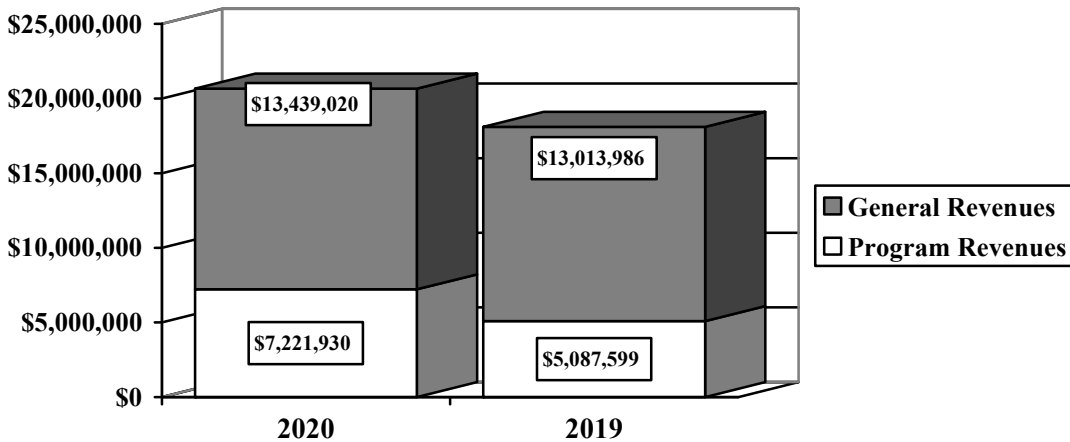
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**Governmental Activities**

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>
<b>Program Expenses:</b>				
General government	\$ 3,804,175	\$ 3,022,670	\$ 4,271,614	\$ 3,609,558
Security of persons and property	8,462,178	5,968,567	1,838,646	88,771
Public health and welfare	395,628	(577,749)	463,193	390,715
Transportation	2,158,810	(461,453)	2,186,816	359,207
Community environment	746,462	653,214	981,167	834,364
Leisure time activity	616,210	542,932	863,666	361,745
Economic development	327,664	141,016	145,816	18,959
Interest and fiscal charges	<u>228,526</u>	<u>228,526</u>	<u>200,761</u>	<u>200,761</u>
<b>Total</b>	<u>\$ 16,739,653</u>	<u>\$ 9,517,723</u>	<u>\$ 10,951,679</u>	<u>\$ 5,864,080</u>

The dependence upon general revenues for governmental activities is apparent, with 43.14% of expenses supported through taxes and other general revenues.

**Governmental Activities - General and Program Revenues**



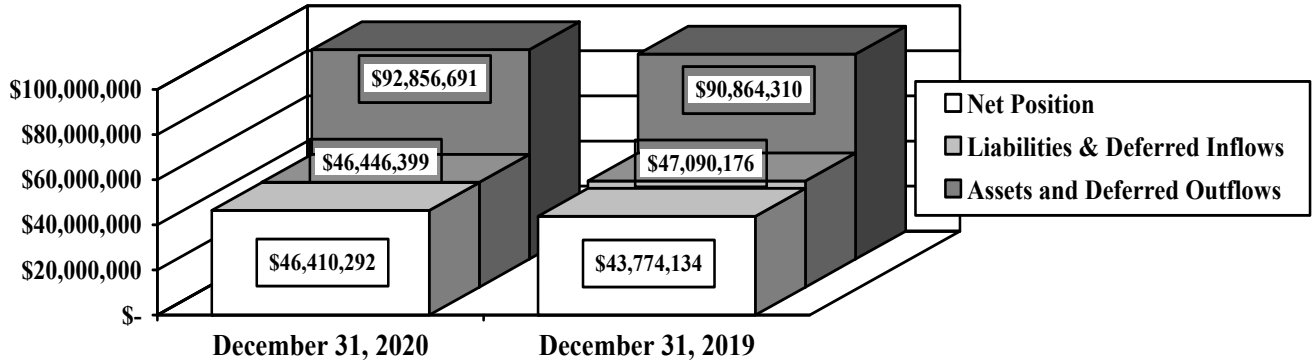
**Business-type Activities**

Business-type activities include the sewer, water, refuse, and utility deposit enterprise funds. These programs had program revenues of \$14,705,996, general revenues of \$233,186, expenses of \$12,287,535, and \$15,489 in transfers out in 2020. Business-type activities net position increased \$2,636,158, primarily due to a \$625,017 increase in the water funds charges for services during 2020 and changes made to the pension and OPEB liability calculations on a statewide level in 2019. The graph on the following page shows the business-type activities assets and deferred outflows of resources, liabilities, and net position at December 31, 2020 and December 31, 2019.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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 \$13,453,512, which is a \$2,852,721 increase from last year's fund balance total of \$10,600,791. The table below indicates the fund balances and the total change in fund balances as of December 31, 2020 and December 31, 2019 for all major and nonmajor governmental funds.

	Fund Balances December 31, 2020	Fund Balances December 31, 2019	Increase (Decrease)
Major funds:			
General	\$ 5,665,833	\$ 4,482,356	\$ 1,183,477
Police and fire	685,193	268,937	416,256
Capital improvements	2,146,431	1,174,169	972,262
Nonmajor governmental funds	<u>4,956,055</u>	<u>4,675,329</u>	<u>280,726</u>
 Total	 <u>\$ 13,453,512</u>	 <u>\$ 10,600,791</u>	 <u>\$ 2,852,721</u>

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

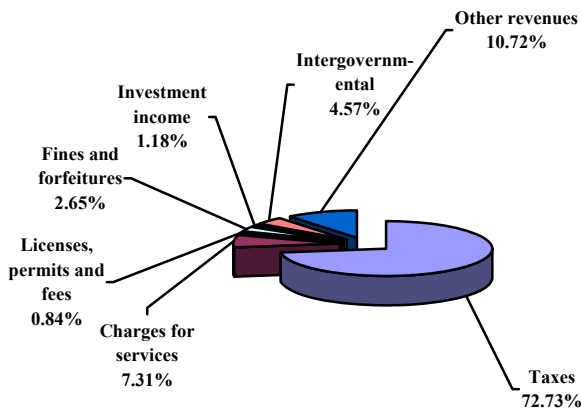
**General Fund**

The City's general fund balance increased \$1,183,477. The table that follows assists in illustrating the revenues of the general fund for 2020 and 2019.

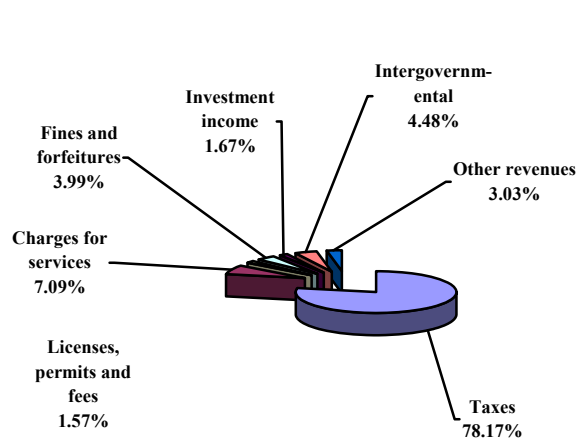
	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues</b>				
Taxes	\$ 7,506,069	\$ 7,828,885	\$ (322,816)	(4.12) %
Charges for services	756,636	710,456	46,180	6.50 %
Licenses, permits and fees	86,697	157,178	(70,481)	(44.84) %
Fines and forfeitures	273,038	399,831	(126,793)	(31.71) %
Investment income	122,069	166,956	(44,887)	(26.89) %
Intergovernmental	471,333	448,415	22,918	5.11 %
Other	<u>1,104,774</u>	<u>303,115</u>	<u>801,659</u>	264.47 %
<b>Total</b>	<u><u>\$ 10,320,616</u></u>	<u><u>\$ 10,014,836</u></u>	<u><u>\$ 305,780</u></u>	3.05 %

Overall revenues of the general fund increased \$305,780 or 3.05%. Investment income decreased \$44,887 or 26.89% primarily due to lower interest rates on City investments during 2020. Charges for services increased \$46,180 or 6.22% due to greater revenue from EMS runs. Fines and forfeitures decreased \$126,793, primarily due to decreased criminal and civil fines during 2020. Licenses, permits, and fees decreased 44.84% due to decreased City permit request during 2020. Tax revenue decreased \$322,816 or 4.12% primarily due to decreases in income tax collected in fiscal year 2020. Other revenue increased 264.47% due to several sizable dividends received from the Ohio Bureau of Workers' Compensation.

**Revenues - 2020**



**Revenues - 2019**



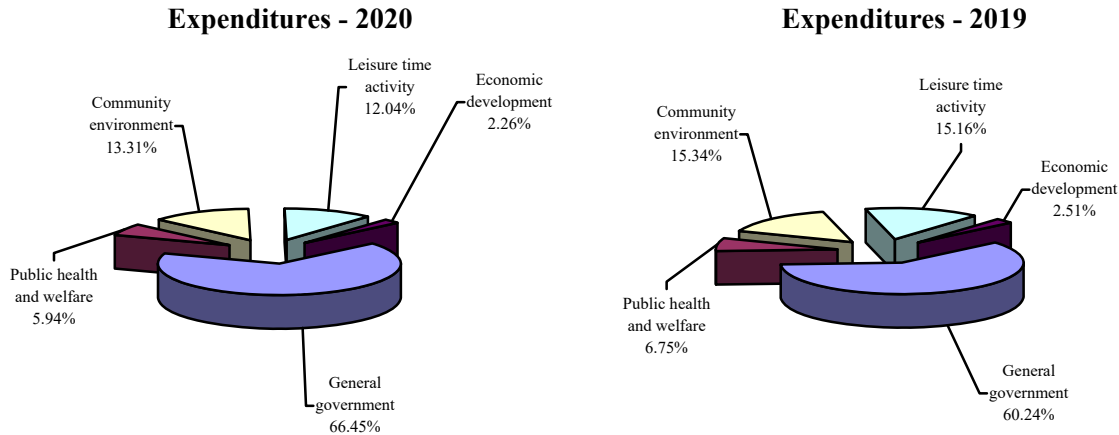
**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

The table that follows assists in illustrating the expenditures of the general fund for 2020 and 2019.

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
General government	\$ 3,105,005	\$ 2,793,438	\$ 311,567	11.15 %
Public health and welfare	277,633	313,033	(35,400)	(11.31) %
Community environment	621,839	711,550	(89,711)	(12.61) %
Leisure time activity	562,795	703,068	(140,273)	(19.95) %
Economic development	<u>105,597</u>	<u>116,185</u>	<u>(10,588)</u>	(9.11) %
<b>Total</b>	<b><u>\$ 4,672,869</u></b>	<b><u>\$ 4,637,274</u></b>	<b><u>\$ 35,595</u></b>	<b>0.77 %</b>

Overall expenditures of the general fund increased \$35,595 or 0.77%. General government expenditures increased \$311,567 or 11.15%, primarily due to increases in expenses in the finance and income tax departments. Leisure time activities decreased by \$140,273, primarily due to decreases in the Parks and Recreation department as a result of programs being suspended due to the COVID-19 pandemic.



***Police and Fire Fund***

The police and fire fund had revenues and other financing sources in the amount of \$5,847,218 in 2020, and expenditures totaling \$5,430,962. The net increase in fund balance for the police and fire fund was \$416,256. The expenditures of the police and fire fund were subsidized by income tax revenues of \$1,734,187, grants of \$304,759, and transfers of \$3,800,000 from the general fund.

***Capital Improvements Fund***

The capital improvements fund had revenues and other financing sources of \$5,176,320 and expenditures and other financing uses of \$4,204,058 in 2020. The net increase in fund balance for the capital improvements fund was \$972,262.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly. Budgetary information is presented for the general fund and the police and fire fund. In the general fund, the actual revenues and other financing sources were \$11,079,000, which was \$392,621 greater than the final revenues and other financing sources of \$10,686,379. Original budgeted revenues and other financing sources of \$10,651,228 were \$35,151 less than the final budgeted amounts. Actual expenditures and other financing uses were \$9,932,366, which was \$1,198,298 less than the final budgeted expenditures and other financing uses of \$11,130,664 due to the City's conservative budgeting practices. Original budgeted expenditures and other financing uses were \$10,921,914, which is \$208,750 less than the final budgeted amounts.

***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 interfund activity reported in the government-wide statements are those between business-type activities and governmental activities (reported as 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, 2020, the City had \$115,397,649 (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, \$31,486,966 was reported in governmental activities and \$83,910,683 was reported in business-type activities. The following table shows December 31, 2020 balances compared to December 31, 2019.

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

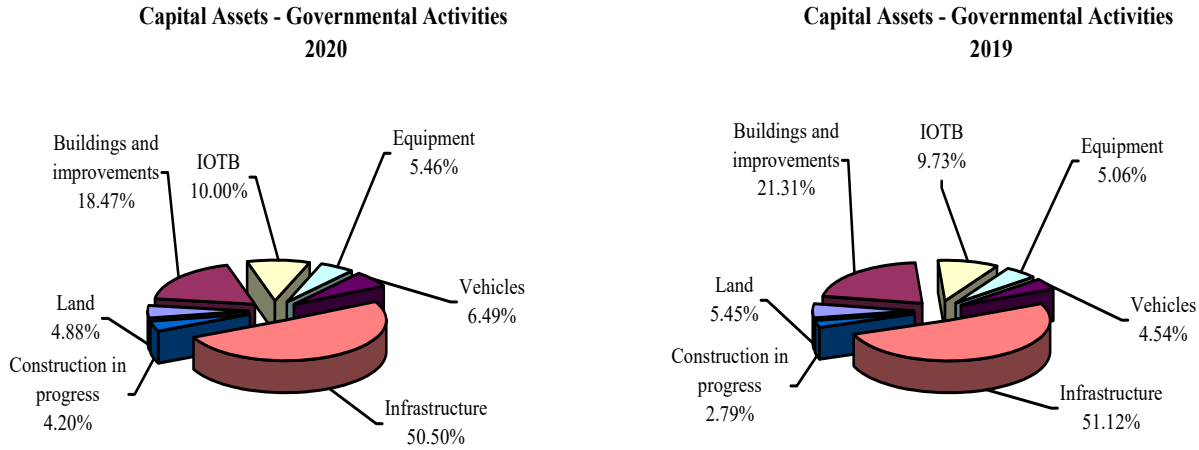
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,537,708	\$ 1,537,708	\$ 662,207	\$ 662,207	\$ 2,199,915	\$ 2,199,915
Construction in progress	1,322,044	785,019	5,913,847	3,604,226	7,235,891	4,389,245
Land improvements	-	-	201,411	238,270	201,411	238,270
Buildings and improvements	5,816,555	6,005,302	13,489,190	14,203,151	19,305,745	20,208,453
IOTB	3,149,494	2,742,391	-	-	3,149,494	2,742,391
Equipment	1,719,030	1,425,568	3,574,166	3,553,454	5,293,196	4,979,022
Vehicles	2,043,395	1,279,986	617,458	512,298	2,660,853	1,792,284
Infrastructure	<u>15,898,740</u>	<u>14,410,551</u>	<u>59,452,404</u>	<u>57,742,145</u>	<u>75,351,144</u>	<u>72,152,696</u>
Totals	<u>\$ 31,486,966</u>	<u>\$ 28,186,525</u>	<u>\$ 83,910,683</u>	<u>\$ 80,515,751</u>	<u>\$ 115,397,649</u>	<u>\$ 108,702,276</u>



**CITY OF DEFIANCE, OHIO**

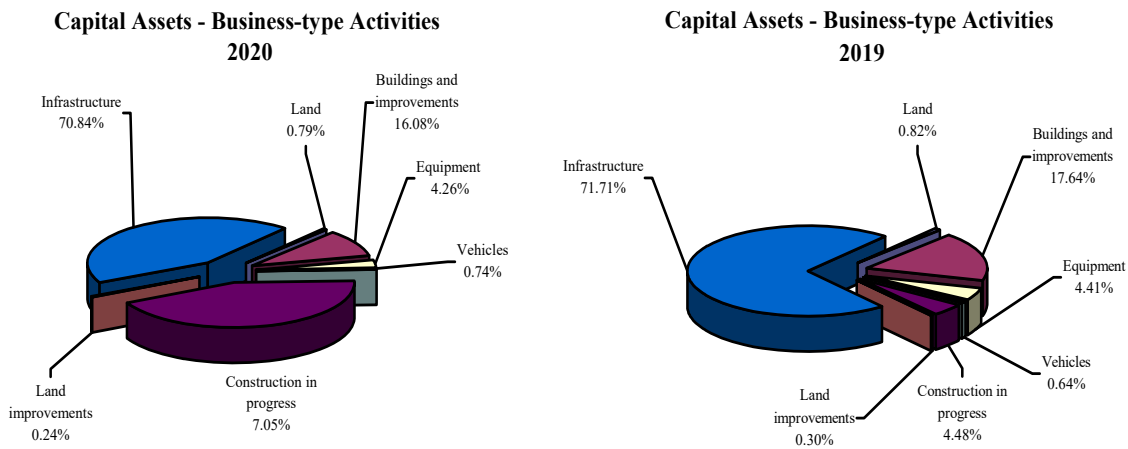
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)**

The following graphs show the breakdown of governmental activities capital assets by category at December 31, 2020 and December 31, 2019.



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 50.50% of the City's total governmental activities capital assets at December 31, 2020.

The following graphs show the breakdown of business-type activities capital assets by category at December 31, 2020 and December 31, 2019.



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 70.84% of the City's total business-type activities capital assets at December 31, 2020.

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, 2020  
(UNAUDITED)

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2020 and December 31, 2019.

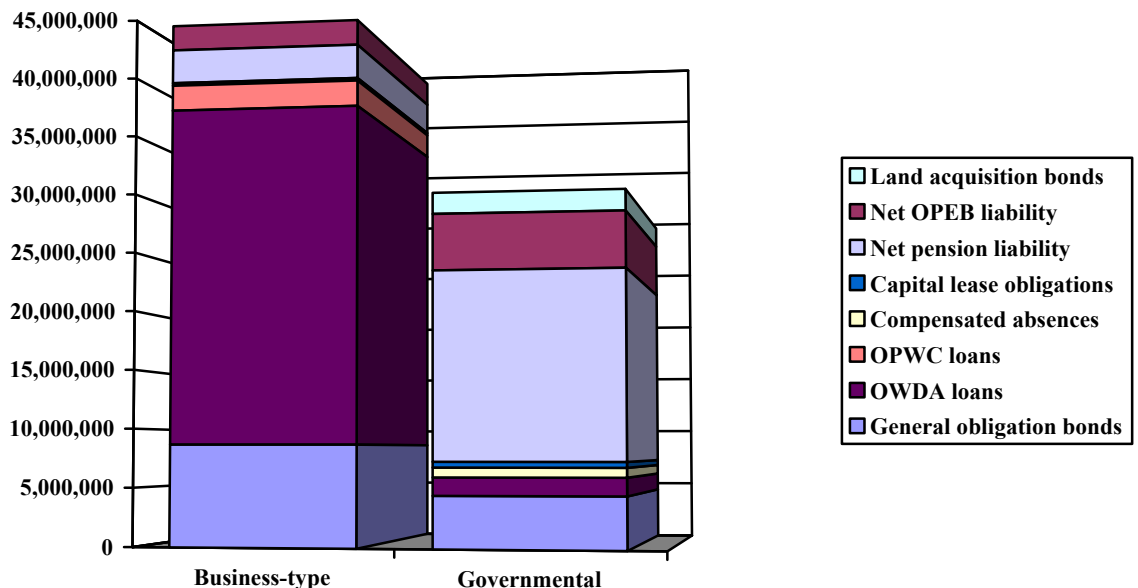
	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 4,412,000	\$ 3,807,000
Land acquisition bonds	1,777,952	1,890,482
OWDA loans	1,515,267	1,631,826
Capital lease obligations	481,460	196,924
Net pension liability	15,910,240	18,536,976
Net OPEB liability	4,724,286	4,339,541
Compensated absences	806,996	804,948
<b>Total long-term obligations</b>	<b><u>\$ 29,628,201</u></b>	<b><u>\$ 31,207,697</u></b>

	<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 8,647,000	\$ 9,584,914
OWDA loans	28,470,646	27,249,919
OPWC loans	2,164,916	2,164,916
Net pension liability	2,824,976	3,892,622
Net OPEB liability	2,106,420	1,968,334
Compensated absences	217,451	224,759
<b>Total long-term obligations</b>	<b><u>\$ 44,431,409</u></b>	<b><u>\$ 45,085,464</u></b>

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

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

**Long-term Obligations at December 31, 2020**



## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

#### **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 2021 budget:

- The COVID-19 pandemic affected City finances in a number of unusual ways. Early on, tax revenues were anticipated to drop by as much as 10 percent; the City imposed a hiring freeze, trimmed operating budgets wherever possible, and delayed planned capital projects. As the year wore on, the pessimistic predictions of revenue shortfalls never materialized, and state and federal stimulus funds helped bolster General Fund balances to near all-time highs. Budget preparation for 2021 proceeded conservatively, as in years past, in acknowledgment of the one-time "windfall" nature of stimulus funds.
- Income tax revenues did fall in 2020, but by only 3.5%, or \$383,438, from 2019. (For perspective, receipts in 2019 were an all-time high.) Employee withholding increased 0.7%, which was very interesting given that unemployment numbers were up; corporate and individual filings were down 24.6% and 0.7%, respectively.
- The local unemployment rate in 2020 averaged 8.2% (but ended the year at 4.5%). This was up from the prior year (4.2%) and was somewhat higher than the State of Ohio (8.1%) and the comparable national rate (8.1%).
- City employee health insurance rates increased 4.5% for 2021. For the 3-year period 2019-2021, the City's health insurance premium increases have averaged 5.6%. As for most employers, the rising cost of health insurance continues to be a constraint on operating budgets and will continue to be scrutinized in future budget years.
- Wage increases for AFSCME and Police bargaining unit employees were budgeted at 2.0% for 2021; wage increases for Fire and non-bargaining unit employees were budgeted at 2.5% for 2021.
- The weighted-average-yield on investments at December 31, 2020 was 1.2%. Posted interest earnings in 2020 totaled approximately \$269,000.
- City water and sewer rates were adjusted for 2021. While the impact varies by type of customer and level of consumption, generally speaking, water rates were increased slightly, while sewer rates were decreased slightly. The net effect on most users will be nominal.

In 2020, the local economy struggled through the pandemic, with higher unemployment and reduced taxable earnings; however, it fared better than indicated by early-pandemic projections. By year-end, tax revenues had largely recovered, and the local retail sector showed signs of expansion. While promising commercial and industrial development projects stalled through the pandemic, signs of growth appear to have only been placed on hold, not canceled. The City, including Council and the current Administration, continues to hold economic development as one of its highest priorities. Expanding the employment base, especially in manufacturing and professional service industries, is a key to the City's future prosperity. As resources allow, efforts to address infrastructure maintenance needs, including streets, parks beautification, and expansion of park lands and recreational opportunities along the City's river front will continue. Attention to such "quality of life" issues is believed to be an important aspect of the City's economic development efforts.

#### **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.

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2020

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 11,510,085	\$ 6,809,478	\$ 18,319,563
Cash in segregated accounts . . . . .	663,241	-	663,241
Receivables (net of allowance for uncollectibles)			
Income taxes . . . . .	1,688,543	-	1,688,543
Property and other local taxes . . . . .	918,860	-	918,860
Accounts . . . . .	184,462	537,812	722,274
Loans receivable . . . . .	518,132	-	518,132
Special assessments . . . . .	106,109	14,129	120,238
Accrued interest . . . . .	19,744	21,744	41,488
Due from other governments . . . . .	797,627	-	797,627
Materials and supplies inventory . . . . .	57,094	73,515	130,609
Prepaid bond insurance . . . . .	8,749	8,449	17,198
Net pension asset . . . . .	47,060	33,301	80,361
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	-	434,111	434,111
Cash in segregated accounts . . . . .	-	76,835	76,835
Capital assets:			
Land and construction in progress . . . . .	2,859,752	6,576,054	9,435,806
Depreciable capital assets, net . . . . .	28,627,214	77,334,629	105,961,843
Total capital assets, net . . . . .	<u>31,486,966</u>	<u>83,910,683</u>	<u>115,397,649</u>
Total assets . . . . .	<u>48,006,672</u>	<u>91,920,057</u>	<u>139,926,729</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding . . . . .	18,137	67,383	85,520
Pension . . . . .	3,555,621	496,768	4,052,389
OPEB . . . . .	1,760,174	372,483	2,132,657
Total deferred outflows of resources . . . . .	<u>5,333,932</u>	<u>936,634</u>	<u>6,270,566</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	447,028	294,465	741,493
Accrued wages and benefits payable . . . . .	234,411	72,099	306,510
Due to other governments . . . . .	184,351	41,087	225,438
Accrued interest payable . . . . .	45,918	15,678	61,596
Payable from restricted assets - refundable deposits.	-	434,111	434,111
Long-term liabilities:			
Due within one year . . . . .	1,291,911	3,355,764	4,647,675
Due in more than one year:			
Due in more than one year - net pension liability.	15,910,240	2,824,976	18,735,216
Due in more than one year - net OPEB liability . . . . .	4,724,286	2,106,420	6,830,706
Other amounts due in more than one year . . . . .	7,781,960	36,390,014	44,171,974
Total liabilities . . . . .	<u>30,620,105</u>	<u>45,534,614</u>	<u>76,154,719</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next year . . . . .	824,300	-	824,300
Pension . . . . .	2,187,880	611,853	2,799,733
OPEB . . . . .	1,151,808	299,932	1,451,740
Total deferred inflows of resources . . . . .	<u>4,163,988</u>	<u>911,785</u>	<u>5,075,773</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	26,012,948	44,812,994	70,825,942
Restricted for:			
Capital projects . . . . .	1,013,383	-	1,013,383
Debt service . . . . .	766,012	-	766,012
Transportation projects . . . . .	260,362	-	260,362
Safety projects . . . . .	367,872	-	367,872
Special projects . . . . .	478,583	-	478,583
Community environment projects . . . . .	34,824	-	34,824
Economic development projects . . . . .	1,356,350	-	1,356,350
Health projects . . . . .	5,287	-	5,287
Museum trust . . . . .	663,389	-	663,389
Covid-19 related purposes . . . . .	45,600	-	45,600
Other purposes . . . . .	449,003	-	449,003
Unrestricted (deficit) . . . . .	<u>(12,897,102)</u>	<u>1,597,298</u>	<u>(11,299,804)</u>
Total net position . . . . .	<u>\$ 18,556,511</u>	<u>\$ 46,410,292</u>	<u>\$ 64,966,803</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 3,804,175	\$ 613,679	\$ 167,826	\$ -
Security of persons and property. . . . .	8,462,178	1,171,351	1,322,260	-
Public health and welfare. . . . .	395,628	83,646	246,071	643,660
Transportation . . . . .	2,158,810	-	1,315,263	1,305,000
Community environment . . . . .	746,462	93,248	-	-
Leisure time activity . . . . .	616,210	2,000	-	71,278
Economic development. . . . .	327,664	-	186,648	-
Interest and fiscal charges . . . . .	228,526	-	-	-
Total governmental activities. . . . .	<u>16,739,653</u>	<u>1,963,924</u>	<u>3,238,068</u>	<u>2,019,938</u>
<b>Business-type activities:</b>				
Sewer . . . . .	5,757,708	7,108,089	-	27,083
Water . . . . .	5,481,227	6,440,487	-	-
Other business-type activities:				
Refuse . . . . .	1,048,600	1,130,337	-	-
Total business-type activities . . . . .	<u>12,287,535</u>	<u>14,678,913</u>	<u>-</u>	<u>27,083</u>
Total primary government . . . . .	<u>\$ 29,027,188</u>	<u>\$ 16,642,837</u>	<u>\$ 3,238,068</u>	<u>\$ 2,047,021</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 . . . . .

**Net position at beginning of year. . . . .**

**Net position at end of year . . . . .**

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>
\$ (3,022,670)	\$ -	\$ (3,022,670)
(5,968,567)	-	(5,968,567)
577,749	-	577,749
461,453	-	461,453
(653,214)	-	(653,214)
(542,932)	-	(542,932)
(141,016)	-	(141,016)
(228,526)	-	(228,526)
<u>(9,517,723)</u>	<u>-</u>	<u>(9,517,723)</u>
-	1,377,464	1,377,464
-	959,260	959,260
-	81,737	81,737
-	<u>2,418,461</u>	<u>2,418,461</u>
<u>(9,517,723)</u>	<u>2,418,461</u>	<u>(7,099,262)</u>
7,110,922	-	7,110,922
1,787,636	-	1,787,636
1,683,991	-	1,683,991
589,906	-	589,906
453,367	-	453,367
347,125	-	347,125
123,741	96,399	220,140
314,194	-	314,194
<u>1,028,138</u>	<u>136,787</u>	<u>1,164,925</u>
<u>13,439,020</u>	<u>233,186</u>	<u>13,672,206</u>
<u>15,489</u>	<u>(15,489)</u>	<u>-</u>
<u>13,454,509</u>	<u>217,697</u>	<u>13,672,206</u>
3,936,786	2,636,158	6,572,944
<u>14,619,725</u>	<u>43,774,134</u>	<u>58,393,859</u>
<u>\$ 18,556,511</u>	<u>\$ 46,410,292</u>	<u>\$ 64,966,803</u>

**CITY OF DEFIANCE, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	<u>General</u>	<u>Police and Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 5,116,864	\$ 857,080	\$ 1,971,195	\$ 3,564,946	\$ 11,510,085
Cash in segregated accounts. . . . .	-	8,272	-	654,969	663,241
Receivables (net of allowance for uncollectibles):					
Income taxes . . . . .	1,120,855	281,480	281,480	4,728	1,688,543
Property and other local taxes . . . . .	684,179	-	-	234,681	918,860
Accounts . . . . .	114,819	-	-	69,643	184,462
Loans receivable . . . . .	-	-	-	518,132	518,132
Special assessments . . . . .	-	-	-	106,109	106,109
Accrued interest . . . . .	15,784	-	-	3,960	19,744
Due from other governments. . . . .	177,086	55,107	-	565,434	797,627
Materials and supplies inventory. . . . .	-	-	-	57,094	57,094
Total assets. . . . .	<u>\$ 7,229,587</u>	<u>\$ 1,201,939</u>	<u>\$ 2,252,675</u>	<u>\$ 5,779,696</u>	<u>\$ 16,463,897</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 283,384	\$ 106,855	\$ 576	\$ 56,213	\$ 447,028
Accrued wages and benefits payable. . . . .	76,145	141,066	-	17,200	234,411
Due to other governments . . . . .	41,521	108,050	-	34,780	184,351
Total liabilities. . . . .	<u>401,050</u>	<u>355,971</u>	<u>576</u>	<u>108,193</u>	<u>865,790</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next year. . . . .	640,900	-	-	183,400	824,300
Delinquent property tax revenue not available. . . . .	43,279	-	-	-	43,279
Accrued interest not available . . . . .	6,816	-	-	1,829	8,645
Special assessments revenue not available. . . . .	-	-	-	106,109	106,109
Miscellaneous revenue not available. . . . .	-	-	-	52,257	52,257
Income tax revenue not available . . . . .	366,417	105,668	105,668	1,775	579,528
Intergovernmental revenue not available . . . . .	105,292	55,107	-	370,078	530,477
Total deferred inflows of resources . . . . .	<u>1,162,704</u>	<u>160,775</u>	<u>105,668</u>	<u>715,448</u>	<u>2,144,595</u>
<b>Fund balances:</b>					
Nonspendable . . . . .	16,132	-	-	57,094	73,226
Restricted . . . . .	-	685,193	-	4,893,898	5,579,091
Committed. . . . .	-	-	2,146,431	5,061	2,151,492
Assigned. . . . .	935,795	-	-	2	935,797
Unassigned. . . . .	4,713,906	-	-	-	4,713,906
Total fund balances. . . . .	<u>5,665,833</u>	<u>685,193</u>	<u>2,146,431</u>	<u>4,956,055</u>	<u>13,453,512</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 7,229,587</u>	<u>\$ 1,201,939</u>	<u>\$ 2,252,675</u>	<u>\$ 5,779,696</u>	<u>\$ 16,463,897</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, 2020

<b>Total governmental fund balances</b>	\$	13,453,512
<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.		31,486,966
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	\$ 579,528	
Property and other local taxes receivable	43,279	
Accounts receivable	52,257	
Special assessments receivable	106,109	
Intergovernmental receivable	530,477	
Accrued interest receivable	8,645	
Total		1,320,295
Prepaid bond insurance is not recorded as an asset in the funds, however, on the statement of net position it is report as an asset and amortized over the life of the bonds.		8,749
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(45,918)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		18,137
Unamortized premiums on bond issuances are not recognized in the funds.		(80,196)
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	47,060	
Deferred outflows of resources	3,555,621	
Deferred inflows of resources	(2,187,880)	
Net pension liability	(15,910,240)	
Total		(14,495,439)
The net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	1,760,174	
Deferred inflows of resources	(1,151,808)	
Net OPEB liability	(4,724,286)	
Total		(4,115,920)
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	(4,412,000)	
Land acquisition bonds payable	(1,777,952)	
OWDA loans payable	(1,515,267)	
Capital lease obligations payable	(481,460)	
Compensated absences payable	(806,996)	
Total		(8,993,675)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>18,556,511</u></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, 2020

	<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. . . . .	\$ 6,915,707	\$ 1,734,187	\$ 1,660,073	\$ 29,129	\$ 10,339,096
Property and other local taxes. . . . .	590,362	-	-	453,367	1,043,729
Charges for services. . . . .	756,636	-	-	-	756,636
Licenses, permits and fees. . . . .	86,697	-	-	206,714	293,411
Fines and forfeitures. . . . .	273,038	-	-	210,793	483,831
Intergovernmental. . . . .	471,333	304,759	1,979,938	2,858,099	5,614,129
Special assessments. . . . .	-	-	-	118,686	118,686
Investment income. . . . .	122,069	-	-	32,405	154,474
Donations. . . . .	2,500	-	86,136	97,011	185,647
Increase in fair value of investments. . . . .	246,988	-	-	67,206	314,194
Other. . . . .	855,286	8,272	19,896	136,239	1,019,693
Total revenues. . . . .	<u>10,320,616</u>	<u>2,047,218</u>	<u>3,746,043</u>	<u>4,209,649</u>	<u>20,323,526</u>
<b>Expenditures:</b>					
Current:					
General government. . . . .	3,105,005	-	-	567,883	3,672,888
Security of persons and property. . . . .	-	5,430,962	-	1,935,079	7,366,041
Public health and welfare. . . . .	277,633	-	-	237,444	515,077
Transportation. . . . .	-	-	-	1,099,409	1,099,409
Community environment. . . . .	621,839	-	-	-	621,839
Leisure time activity. . . . .	562,795	-	-	132	562,927
Economic development. . . . .	105,597	-	-	222,067	327,664
Capital outlay. . . . .	-	-	3,829,489	138,087	3,967,576
Debt service:					
Principal retirement. . . . .	-	-	114,809	605,089	719,898
Interest and fiscal charges. . . . .	-	-	66,086	85,379	151,465
Bond issuance costs. . . . .	-	-	24,474	62,341	86,815
Total expenditures. . . . .	<u>4,672,869</u>	<u>5,430,962</u>	<u>4,034,858</u>	<u>4,952,910</u>	<u>19,091,599</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>5,647,747</u>	<u>(3,383,744)</u>	<u>(288,815)</u>	<u>(743,261)</u>	<u>1,231,927</u>
<b>Other financing sources (uses):</b>					
Bond issuance. . . . .	-	-	1,005,000	2,560,000	3,565,000
Sale of capital assets. . . . .	105,250	-	79,961	-	185,211
Payment to refunded bond escrow agent. . . . .	-	-	-	(2,546,709)	(2,546,709)
Capital lease transaction. . . . .	-	-	320,345	-	320,345
Transfers in. . . . .	-	3,800,000	-	954,209	4,754,209
Transfers (out). . . . .	(4,569,520)	-	(169,200)	-	(4,738,720)
Premium on bond issuance. . . . .	-	-	24,971	56,487	81,458
Total other financing sources (uses). . . . .	<u>(4,464,270)</u>	<u>3,800,000</u>	<u>1,261,077</u>	<u>1,023,987</u>	<u>1,620,794</u>
Net change in fund balances. . . . .	1,183,477	416,256	972,262	280,726	2,852,721
<b>Fund balances at beginning of year. . . . .</b>	<b>4,482,356</b>	<b>268,937</b>	<b>1,174,169</b>	<b>4,675,329</b>	<b>10,600,791</b>
<b>Fund balances at end of year. . . . .</b>	<b><u>\$ 5,665,833</u></b>	<b><u>\$ 685,193</u></b>	<b><u>\$ 2,146,431</u></b>	<b><u>\$ 4,956,055</u></b>	<b><u>\$ 13,453,512</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**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, 2020

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>2,852,721</b>
<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	\$ 5,444,187	
Current year depreciation	(1,795,956)	
Total		3,648,231
The net effect of various transactions involving capital assets is to decrease net position.		(347,790)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income tax revenue	243,453	
Property and other local tax revenue	(456)	
Special assessments revenue	(11,014)	
Intergovernmental revenue	103,913	
Investment income	2,105	
Other revenue	(577)	
Total		337,424
The issuance of leases are reported as other financing sources in the governmental funds; however, in the statement of activities they are not reported as revenues as they increase the liabilities on the statement of net position.		(320,345)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		719,898
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities.		
Bonds refunded	2,505,000	
Deferred charges on refundings	41,709	
Total		2,546,709
Premiums on general obligation bonds are recognized as other financing sources in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(81,458)
Prepaid bond insurance is amortized over the life of the issuance in the statement of activities.		8,886
Issuance of bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(3,565,000)
		- - Continued

**CITY OF DEFIANCE, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

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 more interest being reported in the statement of activities.

Increase in accrued interest payable	\$ (1,750)	
Amortization of prepaid bond insurance	(137)	
Amortization of deferred amounts on refunding	(277)	
Amortization of bond premium	<u>3,032</u>	
Total		\$ 868

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	1,269,954	
OPEB	<u>32,423</u>	
Total		1,302,377

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	(2,602,452)	
OPEB	<u>(561,235)</u>	
Total		(3,163,687)

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.

		<u>(2,048)</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 3,936,786</u></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, 2020

	<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 . . . . .	\$ 7,203,082	\$ 7,226,853	\$ 6,980,033	\$ (246,820)
Property and other local taxes . . . . .	604,555	606,550	590,362	(16,188)
Charges for services . . . . .	725,700	728,095	719,084	(9,011)
Licenses, permits and fees . . . . .	103,459	103,800	86,697	(17,103)
Fines and forfeitures . . . . .	411,761	413,120	282,612	(130,508)
Intergovernmental . . . . .	457,800	459,311	460,816	1,505
Investment income . . . . .	153,493	154,000	123,223	(30,777)
Donations . . . . .	-	-	2,500	2,500
Other . . . . .	98,525	98,850	842,623	743,773
Total revenues . . . . .	<u>9,758,375</u>	<u>9,790,579</u>	<u>10,087,950</u>	<u>297,371</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	3,806,424	3,879,176	3,544,947	334,229
Public health and welfare . . . . .	401,754	409,433	280,006	129,427
Community environment . . . . .	972,892	991,487	827,183	164,304
Leisure time activity . . . . .	801,514	816,833	579,088	237,745
Economic development . . . . .	131,171	133,678	131,622	2,056
Total expenditures . . . . .	<u>6,113,755</u>	<u>6,230,607</u>	<u>5,362,846</u>	<u>867,761</u>
Excess of revenues over expenditures . . . . .	<u>3,644,620</u>	<u>3,559,972</u>	<u>4,725,104</u>	<u>1,165,132</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	9,967	10,000	105,250	95,250
Transfers in . . . . .	882,886	885,800	885,800	-
Transfers (out) . . . . .	(4,808,159)	(4,900,057)	(4,569,520)	330,537
Total other financing sources (uses) . . . . .	<u>(3,915,306)</u>	<u>(4,004,257)</u>	<u>(3,578,470)</u>	<u>425,787</u>
Net change in fund balances . . . . .	(270,686)	(444,285)	1,146,634	1,590,919
<b>Fund balances at beginning of year . . . . .</b>	3,067,506	3,067,506	3,067,506	-
<b>Prior year encumbrances appropriated . . . . .</b>	109,661	109,661	109,661	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,906,481</u>	<u>\$ 2,732,882</u>	<u>\$ 4,323,801</u>	<u>\$ 1,590,919</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, 2020

	<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 . . . . .	\$ 1,821,593	\$ 1,822,861	\$ 1,752,895	\$ (69,966)
Intergovernmental . . . . .	380,119	380,384	307,424	(72,960)
Total revenues . . . . .	<u>2,201,712</u>	<u>2,203,245</u>	<u>2,060,319</u>	<u>(142,926)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	6,628,098	6,667,633	5,379,193	1,288,440
Total expenditures . . . . .	<u>6,628,098</u>	<u>6,667,633</u>	<u>5,379,193</u>	<u>1,288,440</u>
Excess of expenditures over revenues . . . . .	<u>(4,426,386)</u>	<u>(4,464,388)</u>	<u>(3,318,874)</u>	<u>1,145,514</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	4,097,149	4,100,000	3,800,000	(300,000)
Total other financing sources . . . . .	<u>4,097,149</u>	<u>4,100,000</u>	<u>3,800,000</u>	<u>(300,000)</u>
Net change in fund balances . . . . .	(329,237)	(364,388)	481,126	845,514
<b>Fund balances at beginning of year. . . . .</b>	284,971	284,971	284,971	-
<b>Prior year encumbrances appropriated. . . . .</b>	45,263	45,263	45,263	-
<b>Fund balance (deficit) at end of year . . . . .</b>	<u>\$ 997</u>	<u>\$ (34,154)</u>	<u>\$ 811,360</u>	<u>\$ 845,514</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2020

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,658,082	\$ 2,983,488	\$ 167,908	\$ 6,809,478
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	240,146	189,272	108,394	537,812
Accrued interest . . . . .	11,983	9,761	-	21,744
Special assessments . . . . .	-	14,129	-	14,129
Materials and supplies inventory. . . . .	12,509	61,006	-	73,515
Prepayments . . . . .	3,123	5,326	-	8,449
Total current assets. . . . .	<u>3,925,843</u>	<u>3,262,982</u>	<u>276,302</u>	<u>7,465,127</u>
Noncurrent assets:				
Restricted equity in pooled cash and cash equivalents . . . . .	-	-	434,111	434,111
Restricted cash in segregated accounts . . . . .	-	-	76,835	76,835
Net pension asset . . . . .	16,193	17,108	-	33,301
Capital assets:				
Land and construction in progress. . . . .	4,323,848	2,252,206	-	6,576,054
Depreciable capital assets, net. . . . .	51,981,114	25,353,515	-	77,334,629
Total capital assets, net . . . . .	<u>56,304,962</u>	<u>27,605,721</u>	<u>-</u>	<u>83,910,683</u>
Total noncurrent assets . . . . .	<u>56,321,155</u>	<u>27,622,829</u>	<u>510,946</u>	<u>84,454,930</u>
Total assets . . . . .	<u>60,246,998</u>	<u>30,885,811</u>	<u>787,248</u>	<u>91,920,057</u>
<b>Deferred outflows of resources:</b>				
Unamortized deferred charges on refunding. . . .	13,088	54,295	-	67,383
Pension. . . . .	238,216	258,552	-	496,768
OPEB. . . . .	179,038	193,445	-	372,483
Total deferred outflows of resources . . . . .	<u>\$ 430,342</u>	<u>\$ 506,292</u>	<u>\$ -</u>	<u>\$ 936,634</u>

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2020

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	\$ 99,422	\$ 114,800	\$ 80,243	\$ 294,465
Accrued wages and benefits payable . . . . .	40,390	31,709	-	72,099
Due to other governments . . . . .	19,654	21,433	-	41,087
Accrued interest payable. . . . .	10,837	4,841	-	15,678
Payable from restricted assets:				
Refundable deposits . . . . .	-	-	434,111	434,111
Compensated absences payable - current . . . . .	68,067	88,601	-	156,668
General obligation bonds payable - current. . . . .	754,500	707,500	-	1,462,000
OWDA loans payable - current . . . . .	1,381,212	227,126	-	1,608,338
OPWC loans payable - current. . . . .	5,355	123,403	-	128,758
<b>Total current liabilities. . . . .</b>	<b>2,379,437</b>	<b>1,319,413</b>	<b>514,354</b>	<b>4,213,204</b>
Long-term liabilities:				
Compensated absences payable . . . . .	22,972	37,811	-	60,783
General obligation bonds payable . . . . .	4,281,066	3,149,699	-	7,430,765
OWDA loans payable . . . . .	21,865,010	4,997,298	-	26,862,308
OPWC loans payable. . . . .	-	2,036,158	-	2,036,158
Net OPEB liability . . . . .	1,024,250	1,082,170	-	2,106,420
Net pension liability . . . . .	1,373,649	1,451,327	-	2,824,976
<b>Total noncurrent liabilities . . . . .</b>	<b>28,566,947</b>	<b>12,754,463</b>	<b>-</b>	<b>41,321,410</b>
<b>Total liabilities . . . . .</b>	<b>30,946,384</b>	<b>14,073,876</b>	<b>514,354</b>	<b>45,534,614</b>
<b>Deferred inflows of resources:</b>				
Pension. . . . .	297,797	314,056	-	611,853
OPEB. . . . .	145,858	154,074	-	299,932
<b>Total deferred inflows of resources . . . . .</b>	<b>443,655</b>	<b>468,130</b>	<b>-</b>	<b>911,785</b>
<b>Net position:</b>				
Net investment in capital assets . . . . .	28,030,907	16,782,087	-	44,812,994
Unrestricted . . . . .	1,256,394	68,010	272,894	1,597,298
<b>Total net position . . . . .</b>	<b>\$ 29,287,301</b>	<b>\$ 16,850,097</b>	<b>\$ 272,894</b>	<b>\$ 46,410,292</b>

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, 2020

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 7,108,089	\$ 6,415,511	\$ 1,130,337	\$ 14,653,937
Tap-in fees . . . . .	-	24,976	-	24,976
Other . . . . .	73,688	63,099	-	136,787
<b>Total operating revenues . . . . .</b>	<b>7,181,777</b>	<b>6,503,586</b>	<b>1,130,337</b>	<b>14,815,700</b>
<b>Operating expenses:</b>				
Personal services . . . . .	2,407,349	2,411,237	-	4,818,586
Contract services . . . . .	356,693	544,565	-	901,258
Materials and supplies . . . . .	269,359	824,231	-	1,093,590
Administrative costs . . . . .	48,839	13,063	-	61,902
Utilities . . . . .	305,364	287,120	1,048,600	1,641,084
Depreciation. . . . .	1,679,905	1,001,893	-	2,681,798
Other. . . . .	-	1,546	-	1,546
<b>Total operating expenses . . . . .</b>	<b>5,067,509</b>	<b>5,083,655</b>	<b>1,048,600</b>	<b>11,199,764</b>
<b>Operating income. . . . .</b>	<b>2,114,268</b>	<b>1,419,931</b>	<b>81,737</b>	<b>3,615,936</b>
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	59,174	37,225	-	96,399
Loss on sale of capital assets . . . . .	(28,571)	(18,122)	-	(46,693)
Interest and fiscal charges . . . . .	(630,275)	(326,059)	-	(956,334)
Bond issuance costs. . . . .	(31,353)	(53,391)	-	(84,744)
<b>Total nonoperating revenues (expenses) . . . . .</b>	<b>(631,025)</b>	<b>(360,347)</b>	<b>-</b>	<b>(991,372)</b>
<b>Income before transfers and capital contributions . . . . .</b>	<b>1,483,243</b>	<b>1,059,584</b>	<b>81,737</b>	<b>2,624,564</b>
Transfers (out). . . . .	(15,489)	-	-	(15,489)
Capital contributions . . . . .	27,083	-	-	27,083
<b>Change in net position. . . . .</b>	<b>1,494,837</b>	<b>1,059,584</b>	<b>81,737</b>	<b>2,636,158</b>
<b>Net position at beginning of year . . . . .</b>	<b>27,792,464</b>	<b>15,790,513</b>	<b>191,157</b>	<b>43,774,134</b>
<b>Net position at end of year. . . . .</b>	<b>\$ 29,287,301</b>	<b>\$ 16,850,097</b>	<b>\$ 272,894</b>	<b>\$ 46,410,292</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Business-type Activities - Enterprise Funds</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. . . . .	\$ 7,083,840	\$ 6,382,873	\$ 1,076,593	\$ 14,543,306
Cash received from tap-in fees. . . . .	-	24,679	-	24,679
Cash received from other operations. . . . .	73,688	63,510	-	137,198
Cash payments for personal services. . . . .	(2,157,945)	(2,168,820)	-	(4,326,765)
Cash payments for contractual services . . . . .	(305,658)	(509,296)	-	(814,954)
Cash payments for administrative costs . . . . .	(48,465)	(10,898)	-	(59,363)
Cash payments for materials and supplies . . . . .	(264,063)	(812,100)	-	(1,076,163)
Cash payments for utilities. . . . .	(321,097)	(287,033)	(1,042,200)	(1,650,330)
Cash payments for other operations . . . . .	-	(1,546)	-	(1,546)
Net cash provided by operating activities . . . . .	<u>4,060,300</u>	<u>2,681,369</u>	<u>34,393</u>	<u>6,776,062</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash payments for transfers out . . . . .	(15,489)	-	-	(15,489)
Net cash used in noncapital financing activities . . . . .	<u>(15,489)</u>	<u>-</u>	<u>-</u>	<u>(15,489)</u>
<b>Cash flows from capital and related financing activities:</b>				
Cash received from sale of capital assets . . . . .	10,364	18,535	-	28,899
Cash payments for the acquisition of capital assets . . . . .	(5,284,311)	(1,898,499)	-	(7,182,810)
Cash received from issuance of loans . . . . .	3,279,400	-	-	3,279,400
Cash received from issuance of bonds. . . . .	1,287,500	2,192,500	-	3,480,000
Cash received from premium on debt issuances. . . . .	36,305	59,547	-	95,852
Cash payments for principal retirement . . . . .	(2,441,849)	(1,108,114)	-	(3,549,963)
Cash payments for interest and fiscal charges . . . . .	(648,727)	(277,804)	-	(926,531)
Cash payments for bond issuance costs. . . . .	(34,537)	(58,820)	-	(93,357)
Cash payments to refunded bond escrow agent. . . . .	(1,428,356)	(1,610,055)	-	(3,038,411)
Cash received from capital contributions . . . . .	16,787	-	-	16,787
Net cash used in capital and related financing activities . . . . .	<u>(5,207,424)</u>	<u>(2,682,710)</u>	<u>-</u>	<u>(7,890,134)</u>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned. . . . .	69,015	41,134	-	110,149
Net cash provided by investing activities. . . . .	<u>69,015</u>	<u>41,134</u>	<u>-</u>	<u>110,149</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(1,093,598)	39,793	34,393	(1,019,412)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>4,751,680</u>	<u>2,943,695</u>	<u>644,461</u>	<u>8,339,836</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 3,658,082</u>	<u>\$ 2,983,488</u>	<u>\$ 678,854</u>	<u>\$ 7,320,424</u>

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income. . . . .	\$ 2,114,268	\$ 1,419,931	\$ 81,737	\$ 3,615,936
Adjustments:				
Depreciation. . . . .	1,679,905	1,001,893	-	2,681,798
Changes in assets and liabilities:				
Change in accounts receivable. . . . .	(24,249)	(36,170)	(108,394)	(168,813)
Change in special assessments receivable. . . . .	-	3,532	-	3,532
Change in materials and supplies inventory. . . . .	6,394	6,722	-	13,116
Change in due from other governments. . . . .	-	411	-	411
Change in net pension asset. . . . .	(8,628)	(9,211)	-	(17,839)
Change in deferred outflows - pension . . . . .	368,968	370,166	-	739,134
Change in deferred outflows - OPEB. . . . .	(81,990)	(95,431)	-	(177,421)
Change in accounts payable . . . . .	51,841	66,659	30,925	149,425
Change in accrued wages and benefits . . . . .	3,021	(2,790)	-	231
Change in compensated absences payable. . . . .	6,965	(14,273)	-	(7,308)
Change in due to other governments . . . . .	829	(6,525)	-	(5,696)
Change in utility deposits payable. . . . .	-	-	30,125	30,125
Change in net pension liability. . . . .	(530,942)	(536,704)	-	(1,067,646)
Change in net OPEB liability. . . . .	61,179	76,907	-	138,086
Change in deferred inflows - pension. . . . .	269,869	284,905	-	554,774
Change in deferred inflows - OPEB. . . . .	142,870	151,347	-	294,217
Net cash provided by operating activities . . . . .	<u>\$ 4,060,300</u>	<u>\$ 2,681,369</u>	<u>\$ 34,393</u>	<u>\$ 6,776,062</u>

**Non-cash transactions:**

At December 31, 2019, the sewer fund purchased \$649,841 in capital assets on account.  
 At December 31, 2019, the water fund purchased \$380,647 in capital assets on account.  
 During 2020, sewer fund OWDA loan 7392 had a reduction in principal of \$5,710.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2020

	<u>Custodial</u>
<b>Assets:</b>	
Cash in segregated accounts . . . . .	<u>\$ 89,162</u>
Total assets. . . . .	<u>\$ 89,162</u>
<b>Liabilities:</b>	
Due to other governments . . . . .	<u>\$ 89,162</u>
Total liabilities. . . . .	<u>\$ 89,162</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Custodial</b>
<b>Additions:</b>	
Fines and forfeitures collected for other governments .	\$ 926,592
Total additions . . . . .	926,592
 <b>Deductions:</b>	
Fines and forfeitures distributed to other governments .	926,592
Total deductions. . . . .	926,592
 Change in net position . . . . .	 -
<b>Net position at beginning of year (restated) . . . .</b>	<b>-</b>
<b>Net position at end of year . . . . .</b>	<b>\$ -</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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, 2020**

**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 2020, the City contributed \$62,311 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. 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. 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, 2020

**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 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. Fiduciary funds are reported by type.

**C. Fund Accounting**

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

***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 improvements of the City, (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. Enterprise funds are the City's only type of proprietary fund.

***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.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds report fiduciary activities not required to be reported in a trust fund. The City's only fiduciary fund is a custodial fund that accounts for municipal court activity.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**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. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

**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 fiduciary 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.

*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.

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, 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. See Notes 14 and 15 for deferred outflows of resources related the City's net pension asset/liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net 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, 2020, but which were levied to finance 2021 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.

See Notes 14 and 15 for deferred inflows of resources related to the City's net pension asset/liability and net OPEB liability, respectively. 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.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**F. Budgetary Data**

All funds, except custodial 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.

**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" on the basic financial statements.

During 2020, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit, commercial paper, a U.S. Government money market mutual fund, a U.S. Government Treasury note, and federal agency securities. Except for investments in STAR Ohio, investments are reported at fair value.

During 2020, 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.

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

For 2020, 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 \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2020 amounted to \$122,069, which included \$65,688 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 a museum trust, a environmental trust, police property, 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.

**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.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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 acquisition 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

**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.



## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

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, 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**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.

*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.

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**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 2020, the sewer fund received \$27,083 in capital contributions in the form of grants restricted to capital acquisition and construction.

**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.

**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 2020.

**T. Bond Issuance Costs/Bond Premiums and Discounts/Deferred Charges on Refunding/Prepaid Bond Insurance**

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.

## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Prepaid bond insurance is amortized over the term of the bonds using the straight-line method.

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.

#### U. Pensions/Other Postemployment Benefits (OPEB)

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

#### V. Fair Value Measurements

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

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### A. Change in Accounting Principles

For 2020, the City has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements", and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61."

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds. These fund reclassifications resulted in the restatement of the City's financial statements.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 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, 2020

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

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

For 2020, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the City has elected delaying implementation until the year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

#### **B. Restatement of Fiduciary Net Position**

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2019, agency funds reported assets and liabilities of \$102,465.

#### 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.

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

**A. Cash on Hand**

At December 31, 2020, 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, 2020, the City had \$829,238 in cash in segregated accounts held for a museum trust, an environmental trust, police property, and municipal court operations. This amount is not included in “Deposits with Financial Institutions” below.

**C. Deposits with Financial Institutions**

At December 31, 2020, the carrying amount of all City deposits was \$7,825,998. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2020, \$7,050,375 of the City’s bank balance of \$9,574,042 was exposed to custodial credit risk as discussed below, while \$2,523,667 was covered by the FDIC.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**D. Investments**

At December 31, 2020, 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
<i>Amortized cost:</i>						
STAR Ohio	\$ 98,386	\$ 98,386	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
FHLMC	849,264	-	-	-	350,056	499,208
FNMA	463,575	-	-	-	-	463,575
FFCB	1,802,545	-	-	-	-	1,802,545
FHLB	293,662	-	-	-	-	293,662
Negotiable CDs	5,771,628	-	-	968,540	1,058,729	3,744,359
Commercial paper	1,489,047	1,389,234	99,813	-	-	-
U.S. Treasury note	144,708	-	-	-	-	144,708
U.S. Government money market	12,611	12,611	-	-	-	-
<b>Total</b>	<b>\$ 10,925,426</b>	<b>\$ 1,500,231</b>	<b>\$ 99,813</b>	<b>\$ 968,540</b>	<b>\$ 1,408,785</b>	<b>\$ 6,948,057</b>

The weighted average maturity of investments is 2.45 years.

The City's investment in a U.S. Government money market and a U.S. Treasury note are valued using quoted prices in active markets (Level 1 inputs). The City's investments in federal agency securities, commercial paper and negotiable certificates of deposit 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 and U.S. Treasury note carries ratings 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 by Standard & Poor's. 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.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

*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, 2020 follows:

<u>Measurement\</u> <u>Investment Type</u>	<u>Measurement</u> <u>Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 98,386	0.90
<i>Fair value:</i>		
FHLMC	849,264	7.77
FNMA	463,575	4.24
FFCB	1,802,545	16.50
FHLB	293,662	2.69
Negotiable CDs	5,771,628	52.83
Commercial paper	1,489,047	13.63
U.S. Treasury note	144,708	1.32
U.S. Government money market	<u>12,611</u>	<u>0.12</u>
Total	<u>\$ 10,925,426</u>	<u>100.00</u>

**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 cash equivalents as reported on the statement of net position at December 31, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,825,998
Investments	10,925,426
Cash in segregated accounts	829,238
Cash on hand	<u>2,250</u>
Total	<u>\$ 19,582,912</u>
<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 12,173,326
Business-type activities	7,320,424
Custodial fund	<u>89,162</u>
Total	<u>\$ 19,582,912</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 5 - INTERFUND TRANSACTIONS**

During 2020, 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	\$ 3,800,000
Nonmajor governmental funds	769,520
<u>Transfer from capital improvement fund to:</u>	
Nonmajor governmental funds	169,200
<u>Transfer from the sewer fund to:</u>	
Nonmajor bond retirement funds	<u>15,489</u>
Total transfers	<u>\$ 4,754,209</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 funds making debt service payments as the 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.

**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. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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, 2020 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 2020 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, 2020 was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2020 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 204,873,920
Commercial/industrial/mineral	93,533,320
<u>Public utility</u>	
Real	60,090
Personal	31,716,380
Total assessed value	<u>\$ 330,183,710</u>

**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, 2020. Income tax revenue for 2020 was \$10,339,096 on the modified accrual basis of accounting.

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2020 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, 2020.

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

**Governmental activities:**

Income taxes	\$1,688,543
Property and other local taxes	918,860
Accounts	184,462
Loans receivable	518,132
Special assessments	106,109
Accrued interest	19,744
Due from other governments	797,627

**Business-type activities:**

Accounts	537,812
Special assessments	14,129
Accrued interest	21,744

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.

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 9 - CAPITAL ASSETS**

The following activity occurred in the City's governmental activities capital assets during 2020:

<b><u>Governmental activities:</u></b>	<u>Balance</u> <u>January 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>December 31, 2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,537,708	\$ -	\$ -	\$ 1,537,708
Construction in progress	<u>785,019</u>	<u>2,968,181</u>	<u>(2,431,156)</u>	<u>1,322,044</u>
<i>Total capital assets, not being depreciated</i>	<u>2,322,727</u>	<u>2,968,181</u>	<u>(2,431,156)</u>	<u>2,859,752</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	11,304,174	221,538	(97,500)	11,428,212
Improvements other than buildings	4,227,035	597,438	-	4,824,473
Equipment	3,692,790	590,897	(307,660)	3,976,027
Vehicles	3,662,741	1,175,087	(496,432)	4,341,396
Infrastructure	<u>28,121,375</u>	<u>2,322,202</u>	<u>-</u>	<u>30,443,577</u>
<i>Total capital assets, being depreciated</i>	<u>51,008,115</u>	<u>4,907,162</u>	<u>(901,592)</u>	<u>55,013,685</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(5,298,872)	(324,080)	11,295	(5,611,657)
Improvements other than buildings	(1,484,644)	(190,335)	-	(1,674,979)
Equipment	(2,267,222)	(204,884)	215,109	(2,256,997)
Vehicles	(2,382,755)	(242,644)	327,398	(2,298,001)
Infrastructure	<u>(13,710,824)</u>	<u>(834,013)</u>	<u>-</u>	<u>(14,544,837)</u>
<i>Total accumulated depreciation</i>	<u>(25,144,317)</u>	<u>(1,795,956)</u>	<u>553,802</u>	<u>(26,386,471)</u>
Total capital assets, net	<u>\$ 28,186,525</u>	<u>\$ 6,079,387</u>	<u>\$ (2,778,946)</u>	<u>\$ 31,486,966</u>

Depreciation expense was charged to governmental activities as follows:

<b><u>Governmental activities:</u></b>	
General government	\$ 264,977
Security of persons and property	214,331
Public health and welfare	109,075
Transportation	67,333
Community environment	216,367
Leisure time activity	<u>923,873</u>
Total depreciation expense - governmental activities	<u>\$ 1,795,956</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

The following activity occurred in the City’s business-type activities capital assets during 2020:

<b><u>Business-type activities:</u></b>	Balance			Balance
	<u>January 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 662,207	\$ -	\$ -	\$ 662,207
Construction in progress	<u>3,604,226</u>	<u>5,773,901</u>	<u>(3,464,280)</u>	<u>5,913,847</u>
<i>Total capital assets, not being depreciated</i>	<u>4,266,433</u>	<u>5,773,901</u>	<u>(3,464,280)</u>	<u>6,576,054</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,085,561	-	(4,461)	1,081,100
Buildings and improvements	30,841,926	-	(31,500)	30,810,426
Equipment	6,519,993	418,086	(45,407)	6,892,672
Vehicles	1,451,905	243,282	(299,357)	1,395,830
Infrastructure	<u>78,033,645</u>	<u>3,181,333</u>	<u>-</u>	<u>81,214,978</u>
<i>Total capital assets, being depreciated</i>	<u>117,933,030</u>	<u>3,842,701</u>	<u>(380,725)</u>	<u>121,395,006</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(847,291)	(35,298)	2,900	(879,689)
Buildings and improvements	(16,638,776)	(689,888)	7,427	(17,321,237)
Equipment	(2,966,538)	(384,726)	32,759	(3,318,505)
Vehicles	(939,607)	(100,812)	262,047	(778,372)
Infrastructure	<u>(20,291,500)</u>	<u>(1,471,074)</u>	<u>-</u>	<u>(21,762,574)</u>
<i>Total accumulated depreciation</i>	<u>(41,683,712)</u>	<u>(2,681,798)</u>	<u>305,133</u>	<u>(44,060,377)</u>
Total capital assets, net	<u>\$ 80,515,751</u>	<u>\$ 6,934,804</u>	<u>\$ (3,539,872)</u>	<u>\$ 83,910,683</u>

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

<b><u>Business-type activities:</u></b>	
Sewer	\$ 1,679,905
Water	<u>1,001,893</u>
Total depreciation expense - business-type activities	<u>\$ 2,681,798</u>

**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 \$540,071 at December 31, 2020. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - OTHER EMPLOYEE BENEFITS – (Continued)**

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 \$484,376 at December 31, 2020. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

**NOTE 11 - CAPITAL LEASES**

In 2020, the City entered into capital lease agreements for a leaf vacuum and fire equipment. In a prior year the City entered into a capital lease agreement for a tractor. These lease agreements meet 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 capital assets have been capitalized in the governmental activities. The cost of the capital assets resulting from the capital leases in the governmental activities totals \$517,269, which represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2020, accumulated depreciation was \$45,556, resulting in a net book value of \$471,713. A corresponding liability has been recorded in the governmental activities long-term obligations. The capital lease payments will be made from the capital improvements fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreements, and the present value of the minimum lease payments as of December 31, 2020:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 121,839
2022	121,838
2023	121,838
2024	121,839
2025	<u>47,922</u>
Total	535,276
Less: amount representing interest	<u>(53,816)</u>
Present value of net minimum lease payments	<u>\$ 481,460</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - LONG-TERM OBLIGATIONS**

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

During 2020, the following changes occurred in governmental activities long-term obligations.

	Balance			Balance	Amount
	1/1/20	Additions	Reductions	12/31/20	Due in
<b><u>Governmental activities:</u></b>					<u>One Year</u>
General obligation bonds:					
Series 2011 Bonds - 2.00-4.00%	\$ 2,695,000	\$ -	\$ (2,695,000)	\$ -	\$ -
Series 2018 Bonds - Ambulance - 2.86%	165,000	-	(39,000)	126,000	41,000
Series 2018 Bonds - S. Clinton St. - 2.86%	206,000	-	(49,000)	157,000	51,000
Series 2018 Bonds - Splash Pad - 2.86%	741,000	-	(177,000)	564,000	182,000
Series 2020 Bonds - Various Purpose - 1.00-2.00%	-	1,005,000	-	1,005,000	90,000
Series 2020 Bonds - Refunding - 1.00-2.00%	-	2,560,000	-	2,560,000	210,000
Total general obligation bonds	<u>3,807,000</u>	<u>3,565,000</u>	<u>(2,960,000)</u>	<u>4,412,000</u>	<u>574,000</u>
Land acquisition bonds - 2.75% - direct borrowing	1,890,482	-	(112,530)	1,777,952	115,625
OWDA loan - 0% - direct borrowing	1,631,826	-	(116,559)	1,515,267	116,559
Capital lease obligations	196,924	320,345	(35,809)	481,460	102,324
Net pension liability	18,536,976	-	(2,626,736)	15,910,240	-
Net OPEB liability	4,339,541	384,745	-	4,724,286	-
Compensated absences	804,948	395,766	(393,718)	806,996	383,403
Total	<u>\$ 31,207,697</u>	<u>\$ 4,665,856</u>	<u>\$ (6,245,352)</u>	29,628,201	<u>\$ 1,291,911</u>
Add: unamortized bond premium				80,196	
Total on statement of net position				<u>\$ 29,708,397</u>	

**General Obligation Bonds:**

*Series 2011 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).

On October 22, 2020, the City issued \$2,560,000 (series 2020 refunding bonds) to currently refund the series 2011 general obligation bonds.



## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Series 2018 general obligation bonds - On September 5, 2018, the City issued various purpose general obligation bonds (series 2018 bonds). 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 to retire the 2017 bond anticipation notes and to provide additional funds for an ambulance and splash pad construction. The bonds have an annual interest rate of 2.86% and are scheduled to mature on December 1, 2023. Principal and interest payments on the general obligation bonds will be made from the capital improvements fund, the splash pad trust fund (a nonmajor governmental fund), and the permissive tax fund (a nonmajor governmental fund).

Series 2020 various purpose general obligation bonds - On October 22, 2020, the City issued various purpose general obligation bonds, par value \$1,005,000 (series 2020 various purpose bonds). 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 improving the intersection of Ottawa Avenue and Cleveland Avenue. The bonds have an annual interest rate ranging from 1.00% to 2.00% and are scheduled to mature on December 1, 2030. Principal and interest payments on the general obligation bonds will be made from the capital improvements fund. At December 31, 2020, \$996,768 of this bond remains unspent.

Series 2020 refunding general obligation bonds - On October 22, 2020, the City issued general obligation bonds (series 2020 refunding bonds) to currently refund the series 2011 general obligation bonds. The issuance proceeds of \$2,616,487 were used to pay for the cost of the issuance and to retire the outstanding series 2011 general obligation bonds.

The 2020 refunding issue is comprised of current interest bonds, par value \$2,560,000. The interest rate on the current interest bonds ranges from 1.00-2.00% and mature on December 1, 2031. The bonds will be retired through the capital improvement fund and the special projects fund (a nonmajor governmental fund).

The reacquisition price exceeded the net carrying amount of the old debt by \$18,137. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This refunding was undertaken to reduce total debt service payments by \$340,531 and resulted in an economic gain of \$341,577.

#### Land Acquisition Bonds

During 2018, the City issued \$2,000,000 in land acquisition bonds, which were purchased by ProMedica, in order to provide funds to the Community Improvement Corporation of Defiance County to purchase land for the development of a business park. The City did not purchase any capital assets with the proceeds of these bonds. The bonds bear an interest rate of 2.75% and are scheduled to mature on August 1, 2033. Payment of principal and interest on the bonds will be made from the commerce drive fund (a nonmajor governmental fund).

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

#### 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).

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Capital Lease Obligations

The capital lease obligations 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 and Net OPEB Liability

The net pension liability and net OPEB liability is described in Notes 14 and 15. These liabilities will be primarily paid out of the general fund, police pension fund, and the fire pension fund.

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:

Year Ending	General Obligation Bonds			Direct Borrowing
	Principal	Interest	Total	OWDA Loan Principal
2021	\$ 574,000	\$ 82,356	\$ 656,356	\$ 116,559
2022	597,000	62,837	659,837	116,559
2023	611,000	48,492	659,492	116,559
2024	325,000	33,750	358,750	116,559
2025	335,000	27,250	362,250	116,559
2026 - 2030	1,720,000	68,600	1,788,600	582,795
2031 - 2033	250,000	3,000	253,000	349,677
Total	<u>\$ 4,412,000</u>	<u>\$ 326,285</u>	<u>\$ 4,738,285</u>	<u>\$ 1,515,267</u>

Year Ending	Direct Borrowing		
	Land Acquisition Bonds		
	Principal	Interest	Total
2021	\$ 115,625	\$ 48,894	\$ 164,519
2022	118,804	45,714	164,518
2023	122,071	42,447	164,518
2024	125,429	39,090	164,519
2025	128,878	35,640	164,518
2026 - 2030	699,541	123,051	822,592
2031 - 2033	467,604	25,950	493,554
Total	<u>\$ 1,777,952</u>	<u>\$ 360,786</u>	<u>\$ 2,138,738</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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, 2020, the City's voted debt margin was \$29,116,284 and the unvoted debt margin was \$18,160,104.

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

During 2020, the following changes occurred in business-type activities long-term obligations.

<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>						
Waterworks - Series 2016 Refunding:						
Current interest bonds	0.75-2.23%	\$ 1,510,000	\$ -	\$ -	\$ 1,510,000	\$ 490,000
Capital appreciation bonds	2.15%	209,999	-	(209,999)	-	-
Accreted interest		190,915	89,086	(280,001)	-	-
Waterworks - Series 2016A Refunding	3.00%	400,000	-	(400,000)	-	-
Sewer - Series 2016B Improvement	3.00%	1,360,000	-	(325,000)	1,035,000	335,000
Sewer - Series 2018 CSO	2.86%	2,904,000	-	(282,000)	2,622,000	292,000
Sewer - Water Meter Sewer Portion 2019	2.41%	955,000	-	(955,000)	-	-
Water - Water Meter Bond 2019	2.41%	955,000	-	(955,000)	-	-
Water - Water Utility 2019	2.41%	640,000	-	(640,000)	-	-
Sewer - Sewer Utility 2019	2.41%	460,000	-	(460,000)	-	-
Sewer - Water Meter Sewer Portion 2020 Refunding	1.00-2.00%	-	867,500	-	867,500	87,500
Water - Water Meter Water Portion 2020 Refunding	1.00-2.00%	-	867,500	-	867,500	87,500
Water - Water Utility 2020 Refunding	1.00-2.00%	-	580,000	-	580,000	60,000
Sewer - Sewer Utility 2020 Refunding	1.00-2.00%	-	420,000	-	420,000	40,000
Water - Various Purpose 2020	1.00-2.00%	-	745,000	-	745,000	70,000
<b>Total general obligation bonds</b>		<b>9,584,914</b>	<b>3,569,086</b>	<b>(4,507,000)</b>	<b>8,647,000</b>	<b>1,462,000</b>
<u>Other long-term obligations:</u>						
OWDA loans	0.00-4.14%	27,249,919	3,279,400	(2,058,673)	28,470,646	1,608,338
OPWC loans	0.00%	2,164,916	-	-	2,164,916	128,758
Net pension liability		3,892,622	-	(1,067,646)	2,824,976	-
Net OPEB liability		1,968,334	138,086	-	2,106,420	-
Compensated absences		224,759	159,120	(166,428)	217,451	156,668
<b>Total other long-term obligations</b>		<b>35,500,550</b>	<b>3,576,606</b>	<b>(3,292,747)</b>	<b>35,784,409</b>	<b>1,893,764</b>
<b>Total</b>		<b>\$ 45,085,464</b>	<b>\$ 7,145,692</b>	<b>\$ (7,799,747)</b>	<b>44,431,409</b>	<b>\$ 3,355,764</b>
Add: unamortized bond premium					245,765	
<b>Total on statement of net position</b>					<b>\$ 44,677,174</b>	

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

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 matured 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 was \$490,000.

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.

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.

Series 2016A waterworks system improvement refunding bonds - 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 was December 1, 2020.

Series 2016B sanitary sewerage system improvement bonds - 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 \$2,704,000 in bond anticipation notes. 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.

Series 2018 CSO bonds - On September 5, 2018, the City issued Series 2018 CSO Bonds, par value \$3,157,000. These bonds were used to retire the 2017 bond anticipation note and to provide additional funds for construction. The interest rate on the Series 2018 Bonds is 2.86%. Interest payments are due on June 1 and December 1 of each year. The final maturity stated in this issue is December 1, 2028.

Series 2019 bonds - On April 26, 2019, the City issued the 2019 Bonds - 3 Purpose (Water Meter Project, Water Utility, and Sewer Utility), par value \$3,345,000. These bonds were used to provide funds for new water meters, sewer utilities, and water utilities. The interest rate on the Series 2019 Bonds is 2.41%. Interest payments are due on June 1 and December 1 of each year. The final maturity stated in this issue is December 1, 2028.

On October 22, 2020, the City issued \$2,735,000 (series 2020 refunding bonds) to currently refund the series 2019 general obligation bonds.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Series 2020 refunding general obligation bonds - On October 22, 2020, the City issued general obligation bonds (series 2020 refunding bonds) to currently refund the series 2019 general obligation bonds. The issuance proceeds of \$2,812,279, along with a \$302,832 contribution from the City, were used to pay for the cost of the issuance and to retire the outstanding series 2019 general obligation bonds.

The 2020 refunding issue is comprised of current interest bonds, par value \$2,735,000. The interest rate on the current interest bonds ranges from 1.00-2.00% and mature on December 1, 2029. The bonds will be retired through the water and sewer funds.

The reacquisition price exceeded the net carrying amount of the old debt by \$28,411. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This refunding was undertaken to reduce total debt service payments by \$427,312 and resulted in an economic gain of \$137,813.

Series 2020 various purpose general obligation bonds - On October 22, 2020, the City issued various purpose general obligation bonds, par value \$745,000 (series 2020 various purpose bonds). 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 constructing improvements to stabilize an embankment abutting the City’s water treatment plant. The bonds have an annual interest rate ranging from 1.00% to 2.00% and are scheduled to mature on December 1, 2030. Principal and interest payments on the general obligation bonds will be made from the water fund. At December 31, 2020, \$363,255 of this bond remains unspent.

Compensated Absences

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

Net Pension Liability and Net OPEB Liability

The net pension liability and net OPEB liability is described in Notes 14 and 15. These liabilities will be paid out of the sewer fund and the water fund.

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		
	Principal	Interest	Total
2021	\$ 1,462,000	\$ 195,924	\$ 1,657,924
2022	1,511,000	155,806	1,666,806
2023	1,541,000	119,144	1,660,144
2024	697,000	80,915	777,915
2025	712,000	64,206	776,206
2026 - 2030	2,724,000	105,668	2,829,668
Total	\$ 8,647,000	\$ 721,663	\$ 9,368,663

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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.

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

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

At December 31, 2020, the City had the following OWDA loans outstanding:

Purpose	Interest Rate	Maturity Date	Balance Outstanding 12/31/2020
<b><u>Sewer Fund:</u></b>			
Group 6 sewer planning	3.25%	7/1/2029	\$ 253,038
Group 4 sewer design	3.25%	1/1/2029	406,896
Group 1/3 combined sewer separation	3.36%	1/1/2030	2,288,293
Group 2 express sewer	3.36%	1/1/2030	1,300,326
Group 5 sewer planning/SSES	3.25%	1/1/2031	265,421
Group 6 sewer design	3.25%	1/1/2030	219,192
Group 4 sewer separation	3.53%	1/1/2031	3,802,961
Group 5 design	4.14%	1/1/2031	111,261
Group 31A river intrusion elimination project	4.14%	1/1/2031	299,845
Group 6 sewer separation	3.70%	1/1/2031	1,245,126
Group 5 sewer separation	3.25%	1/1/2031	1,970,619
Group 12/14 sewer planning	2.62%	7/1/2031	321,829
LTCP planning	3.28%	1/1/2034	345,231
Group 14/15 sewer separation	2.45%	1/1/2034	1,544,961
2012 CSO long-term control planning	2.69%	1/1/2034	301,836
CSO LTCP planning pace - year 2013	2.38%	7/1/2035	391,346
Group 13 inflow reduction	3.40%	7/1/2034	256,587
CSO LTCP planning - year 2015	2.03%	1/1/2036	295,530
College Place inflow reduction CSO	0.00%	1/1/2039	1,079,400
<b><u>"Open" OWDA Loan</u></b>			
Auglaize interceptor sewer rehab	1.83%	1/1/2037	470,387
East High Street inflow reduction CSO	0.00%	1/1/2039	2,544,353
Group 9.1 & 9.3 inflow reduction CSO	0.00%	1/1/2041	1,393,374
UV Disinfection Improvements	1.22%	7/1/2040	<u>2,138,410</u>
			<u>23,246,222</u>
<b><u>Water Fund:</u></b>			
Reservoir construction	4.09%	7/1/2037	<u>5,224,424</u>
Total OWDA loans			<u>\$ 28,470,646</u>

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 2041. Annual principal and interest payments on the loans are expected to require 42.95 percent of net revenues and 19.67 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$33,057,960. Principal and interest paid for the current year was \$2,711,059, total net revenues were \$6,312,396 and total revenues were \$13,781,762.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**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 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, 2020):

Year Ending	Direct Borrowing		
	OWDA Loans Payable		
	Principal	Interest	Total
2021	\$ 1,608,338	\$ 659,160	\$ 2,267,498
2022	1,661,612	610,252	2,271,864
2023	1,716,753	559,633	2,276,386
2024	1,773,826	507,240	2,281,066
2025	1,832,902	453,012	2,285,914
2026 - 2030	9,456,520	1,390,091	10,846,611
2031 - 2035	3,062,526	382,485	3,445,011
2036 - 2039	811,645	25,441	837,086
<b>Total</b>	<b>\$ 21,924,122</b>	<b>\$ 4,587,314</b>	<b>\$ 26,511,436</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, 2020, the City has the following loans outstanding with OPWC:

	Interest Rate	Maturity Date	Balance Outstanding 12/31/2020
<b><u>Water Fund:</u></b>			
OPWC loan	0.00%	1/1/2038	\$ 2,159,561
<b><u>Sewer Fund:</u></b>			
OPWC loan	0.00%	1/1/2021	5,355
Total OPWC loans			<u>\$ 2,164,916</u>

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

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



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**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 business-type activities OPWC loans:

Year Ending	Direct Borrowing		
	OPWC Loans Payable		
	Principal	Interest	Total
2021	\$ 128,758	\$ -	\$ 128,758
2022	123,404	-	123,404
2023	123,403	-	123,403
2024	123,404	-	123,404
2025	123,403	-	123,403
2026 - 2030	617,018	-	617,018
2031 - 2035	617,018	-	617,018
2036 - 2038	308,508	-	308,508
Total	\$ 2,164,916	\$ -	\$ 2,164,916

**NOTE 13 - 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 2020, 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 2020 totaled \$165,033.

For the plan year, which includes December 31, 2020, 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	\$500,000,000
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	500,000
Depositors Forgery	500,000
Money & Securities	500,000

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - RISK MANAGEMENT - (Continued)**

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.

**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 twelve 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, 2020, the Pool had total reported assets of \$9,482,475. The 2020 monthly premiums paid by the City per covered employee were \$2,120 for family coverage, \$1,396 for two-party coverage with spouse, \$1,247 for two-party coverage with child, and \$671 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 2020, the City paid \$3,440,661 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2020 was \$275,000 per individual; coverage in excess of this amount was provided by Sun Life Financial.

BORMA, Inc., PERC and the BORMA Benefits Pool each 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.

**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 2020, the City paid \$11,630 to the Ohio Department of Job and Family Services for unemployment benefits claims.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Asset and Net OPEB Liability***

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

The net pension liability/asset and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset 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.

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

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

Plan Description - City employees, other than full-time police 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

<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>Traditional Plan 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>Traditional Plan 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>Traditional Plan 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
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
<b>2020 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2020 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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 \$747,391 for 2020. Of this amount, \$83,965 is reported as due to other governments.

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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 OP&F 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.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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 3.00% or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30<sup>th</sup> 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 3.00% of their base pension or disability benefit.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	Police	Firefighters
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
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 \$832,275 for 2020. Of this amount, \$103,548 is reported as due to other governments.

***Net 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 were measured as of December 31, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. 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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.03525800%	0.03240600%	0.09298200%	0.15648300%	
Proportion of the net pension liability/asset current measurement date	0.03449000%	0.03688200%	0.09134100%	0.17691640%	
Change in proportionate share	-0.00076800%	0.00447600%	-0.00164100%	0.02043340%	
Proportionate share of the net pension liability	\$ 6,817,182	\$ -	\$ -	\$ 11,918,034	\$ 18,735,216
Proportionate share of the net pension asset	-	76,908	3,453	-	80,361
Pension expense	1,220,327	8,811	(2,034)	1,893,483	3,120,587

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ -	\$ 11,536	\$ 451,136	\$ 462,672
Changes of assumptions	364,118	7,932	560	292,558	665,168
Changes in employer's proportionate percentage/difference between employer contributions	37,869	-	-	1,307,014	1,344,883
Contributions subsequent to the measurement date	668,309	24,951	54,131	832,275	1,579,666
Total deferred outflows of resources	<u>\$ 1,070,296</u>	<u>\$ 32,883</u>	<u>\$ 66,227</u>	<u>\$ 2,882,983</u>	<u>\$ 4,052,389</u>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ 86,193	\$ 18,058	\$ -	\$ 614,658	\$ 718,909
Net difference between projected and actual earnings on pension plan investments	1,359,872	9,976	1,088	575,735	1,946,671
Changes in employer's proportionate percentage/difference between employer contributions	111,377	-	-	22,776	134,153
Total deferred inflows of resources	<u>\$ 1,557,442</u>	<u>\$ 28,034</u>	<u>\$ 1,088</u>	<u>\$ 1,213,169</u>	<u>\$ 2,799,733</u>

\$1,579,666 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, 2021.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2021	\$ (196,782)	\$ (4,900)	\$ 1,360	\$ 247,510	\$ 47,188
2022	(475,027)	(4,715)	1,378	284,722	(193,642)
2023	56,311	(1,934)	1,652	523,045	579,074
2024	(539,957)	(5,587)	1,236	(236,638)	(780,946)
2025	-	(1,042)	1,476	18,900	19,334
Thereafter	-	(1,924)	3,906	-	1,982
<b>Total</b>	<b>\$ (1,155,455)</b>	<b>\$ (20,102)</b>	<b>\$ 11,008</b>	<b>\$ 837,539</b>	<b>\$ (327,010)</b>

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the 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 long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. 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/Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 11,243,740	\$ 6,817,182	\$ 2,837,837
Combined Plan	(46,471)	(76,908)	(98,844)
Member-Directed Plan	(1,827)	(3,453)	(4,567)

**Actuarial Assumptions - OP&F**

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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 the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

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 and Guidelines. 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 average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
<b>Total</b>	<b>120.00 %</b>	

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 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 8.00%. 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 8.00%. 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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 16,517,980	\$ 11,918,034	\$ 8,070,634

**NOTE 15 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability**

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

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

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

The City's contractually required contribution was \$21,653 for 2020. Of this amount, \$2,433 is reported as due to other governments.

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

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

## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also 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 contractually required contribution to OP&F was \$19,743 for 2020. Of this amount, \$2,456 is reported as due to other governments.

#### ***Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.03745200%	0.15648300%	
Proportion of the net OPEB liability current measurement date	<u>0.03680100%</u>	<u>0.17691640%</u>	
Change in proportionate share	<u>-0.00065100%</u>	<u>0.02043340%</u>	
Proportionate share of the net OPEB liability	\$ 5,083,174	\$ 1,747,532	\$ 6,830,706
OPEB expense	\$ 616,252	\$ 208,838	\$ 825,090

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$ 137	\$ -	\$ 137
Changes of assumptions	804,612	1,021,675	1,826,287
Changes in employer's proportionate percentage/difference between employer contributions	44,604	220,233	264,837
Contributions subsequent to the measurement date	21,653	19,743	41,396
Total deferred outflows of resources	<u>\$ 871,006</u>	<u>\$ 1,261,651</u>	<u>\$ 2,132,657</u>



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 464,882	\$ 187,930	\$ 652,812
Net difference between projected and actual earnings on OPEB plan investments	258,833	80,417	339,250
Changes of assumptions	-	372,425	372,425
Changes in employer's proportionate percentage/difference between employer contributions	56,158	31,095	87,253
Total deferred inflows of resources	<u>\$ 779,873</u>	<u>\$ 671,867</u>	<u>\$ 1,451,740</u>

\$41,396 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2021	\$ 134,866	\$ 98,944	\$ 233,810
2022	45,009	98,944	143,953
2023	206	115,436	115,642
2024	(110,601)	89,433	(21,168)
2025	-	100,122	100,122
Thereafter	-	67,162	67,162
Total	<u>\$ 69,480</u>	<u>\$ 570,041</u>	<u>\$ 639,521</u>

***Actuarial Assumptions - OPERS***

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**Discount Rate** - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 6,652,149	\$ 5,083,174	\$ 3,826,936

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 4,933,174	\$ 5,083,174	\$ 5,231,262

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

*Changes between Measurement Date and Reporting Date*

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

*Actuarial Assumptions - OP&F*

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in 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.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
<b>Total</b>	<b>120.00 %</b>	

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,166,828	\$ 1,747,532	\$ 1,399,128

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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).

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**

	General	Police and Fire
Budget basis	\$ 1,146,634	\$ 481,126
Net adjustment for revenue accruals	213,796	(13,101)
Net adjustment for expenditure accruals	701,051	(97,489)
Net adjustment for other sources/uses	(885,800)	-
Funds budgeted elsewhere	(136,189)	-
Adjustment for encumbrances	143,985	45,720
GAAP basis	\$ 1,183,477	\$ 416,256

The unclaimed monies fund and health care trust fund are legally budgeted in a separate fund classification, but are considered part of the general fund on a GAAP basis.



**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 17 - 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 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
CDBG loans	<u>\$ 732,441</u>	<u>\$ 90,000</u>	<u>\$ (304,309)</u>	<u>\$ 518,132</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 18 - 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, 2020.

**B. Litigation**

At December 31, 2020, the City is party to legal proceedings. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of the City's management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2020.

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 19 - CONTRACTUAL COMMITMENTS**

At December 31, 2020, the City had the following outstanding contractual commitments:

Vendor	Contract Amount	Amount Paid	Amount Outstanding
Mannik & Smith Group	\$ 338,776	\$ 303,141	\$ 35,635
Treasurer of State of Ohio	114,637	2,252	112,385
TOMCO2 Equipment Co.	217,605	65,282	152,323
Mannik & Smith Group, Inc	55,296	29,448	25,848
Sand Ridge Excavating, Inc.	7,000	4,500	2,500
Orr, James D.	9,750	3,104	6,646
Hoff Consulting Services, LLC	7,500	2,813	4,687
Burgess & Niple, Inc.	199,850	198,905	945
Vernon Nagel, Inc.	1,741,488	1,523,267	218,221
Jones & Henry Engineers, Ltd.	249,000	203,540	45,460
Stantec Consulting Services, Inc.	862,550	488,402	374,148
Total contractual commitments	<u>\$ 3,803,452</u>	<u>\$ 2,824,654</u>	<u>\$ 978,798</u>

**NOTE 20 - 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:

<u>Fund</u>	Year End <u>Encumbrances</u>
General	\$ 14,599
Capital improvements	323,170
Nonmajor governmental funds	<u>175,174</u>
Total	<u>\$ 512,943</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 21 - 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	\$ -	\$ -	\$ -	\$ 57,094	\$ 57,094
Unclaimed monies	16,132	-	-	-	16,132
Total nonspendable	<u>16,132</u>	<u>-</u>	<u>-</u>	<u>57,094</u>	<u>73,226</u>
Restricted:					
Debt service	-	-	-	636,944	636,944
Capital projects	-	-	-	16,615	16,615
Street construction, maintenance & repair	-	-	-	540,396	540,396
Police and fire pension	-	-	-	56,032	56,032
Court programs	-	-	-	389,475	389,475
Community development programs	-	-	-	34,824	34,824
Probation programs	-	-	-	187,739	187,739
Police and fire programs	-	685,193	-	126,295	811,488
Revolving loan program	-	-	-	1,165,529	1,165,529
Museum trust	-	-	-	663,389	663,389
Covid-19 purposes	-	-	-	45,600	45,600
Other purposes	-	-	-	1,031,060	1,031,060
Total restricted	<u>-</u>	<u>685,193</u>	<u>-</u>	<u>4,893,898</u>	<u>5,579,091</u>
Committed:					
Capital projects	-	-	2,146,431	-	2,146,431
Other purposes	-	-	-	5,061	5,061
Total committed	<u>-</u>	<u>-</u>	<u>2,146,431</u>	<u>5,061</u>	<u>2,151,492</u>
Assigned:					
Subsequent year appropriations	609,075	-	-	-	609,075
Debt Service	-	-	-	2	2
Health Care Trust	312,121	-	-	-	312,121
Other purposes	14,599	-	-	-	14,599
Total assigned	<u>935,795</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>935,797</u>
Unassigned	<u>4,713,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,713,906</u>
Total fund balances	<u>\$ 5,665,833</u>	<u>\$ 685,193</u>	<u>\$ 2,146,431</u>	<u>\$ 4,956,055</u>	<u>\$ 13,453,512</u>

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 22 - 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 2020 was \$8,089,370. The total value of taxes abated for 2020 was \$24,268.

**NOTE 23 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The City's investment portfolio and the pension and other employee benefits plan in which the City participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE 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 SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.034490%	0.035258%	0.034730%	0.033093%
City's proportionate share of the net pension liability	\$ 6,817,182	\$ 9,656,450	\$ 5,448,464	\$ 7,514,858
City's covered payroll	\$ 4,918,264	\$ 4,746,564	\$ 4,650,831	\$ 4,316,075
City's proportionate share of the net pension liability as a percentage of its covered payroll	138.61%	203.44%	117.15%	174.11%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.036882%	0.032406%	0.032495%	0.051442%
City's proportionate share of the net pension asset	\$ 76,908	\$ 36,237	\$ 44,236	\$ 28,631
City's covered payroll	\$ 164,179	\$ 138,600	\$ 133,085	\$ 200,242
City's proportionate share of the net pension asset as a percentage of its covered payroll	46.84%	26.15%	33.24%	14.30%
Plan fiduciary net position as a percentage of the total pension asset	145.28%	126.64%	137.28%	116.55%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.091341%	0.092982%	0.090880%	0.092801%
City's proportionate share of the net pension asset	\$ 3,453	\$ 2,119	\$ 3,172	\$ 387
City's covered payroll	\$ 542,960	\$ 531,520	\$ 498,100	\$ 381,383
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.64%	0.10%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.45%	103.40%

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 fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	0.032196%	0.032678%	0.032678%
\$	5,576,753	\$ 3,941,332	\$ 3,852,309
\$	4,056,008	\$ 3,871,183	\$ 3,809,092
	137.49%	101.81%	101.13%
	81.08%	86.45%	86.36%
	0.057060%	0.054957%	0.054957%
\$	27,767	\$ 21,160	\$ 5,767
\$	193,458	\$ 200,892	\$ 173,162
	14.35%	10.53%	3.33%
	116.90%	114.83%	104.56%
	0.088535%	n/a	n/a
\$	338	n/a	n/a
\$	493,075	n/a	n/a
	0.07%	n/a	n/a
	103.91%	n/a	n/a

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.17691640%	0.15648300%	0.15382600%	0.15463300%
City's proportionate share of the net pension liability	\$ 11,918,034	\$ 12,773,148	\$ 9,440,974	\$ 9,794,294
City's covered payroll	\$ 4,305,269	\$ 3,553,488	\$ 3,400,922	\$ 3,380,349
City's proportionate share of the net pension liability as a percentage of its covered payroll	276.82%	359.45%	277.60%	289.74%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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 fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15285400%	0.14738390%	0.14738390%
\$ 9,833,171	\$ 7,635,101	\$ 7,178,059
\$ 3,147,448	\$ 2,851,291	\$ 2,710,020
312.42%	267.78%	264.87%
66.77%	72.20%	73.00%

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 668,309	\$ 688,557	\$ 664,519	\$ 604,608
Contributions in relation to the contractually required contribution	<u>(668,309)</u>	<u>(688,557)</u>	<u>(664,519)</u>	<u>(604,608)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,773,636	\$ 4,918,264	\$ 4,746,564	\$ 4,650,831
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 24,951	\$ 22,985	\$ 19,404	\$ 17,301
Contributions in relation to the contractually required contribution	<u>(24,951)</u>	<u>(22,985)</u>	<u>(19,404)</u>	<u>(17,301)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 178,221	\$ 164,179	\$ 138,600	\$ 133,085
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 54,131	\$ 54,296	\$ 53,152	\$ 49,810
Contributions in relation to the contractually required contribution	<u>(54,131)</u>	<u>(54,296)</u>	<u>(53,152)</u>	<u>(49,810)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 541,310	\$ 542,960	\$ 531,520	\$ 498,100
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information prior to 2015 for the City's member directed plan was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 517,929	\$ 486,721	\$ 464,542	\$ 495,182	\$ 379,087	\$ 405,857
<u>(517,929)</u>	<u>(486,721)</u>	<u>(464,542)</u>	<u>(495,182)</u>	<u>(379,087)</u>	<u>(405,857)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,316,075	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092	\$ 3,790,870	\$ 4,058,570
12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
\$ 24,029	\$ 23,215	\$ 24,107	\$ 22,511	\$ 13,518	\$ 13,546
<u>(24,029)</u>	<u>(23,215)</u>	<u>(24,107)</u>	<u>(22,511)</u>	<u>(13,518)</u>	<u>(13,546)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 200,242	\$ 193,458	\$ 200,892	\$ 173,162	\$ 170,038	\$ 170,390
12.00%	12.00%	12.00%	13.00%	7.95%	7.95%
\$ 45,766	\$ 59,169				
<u>(45,766)</u>	<u>(59,169)</u>				
<u>\$ -</u>	<u>\$ -</u>				
\$ 381,383	\$ 493,075				
12.00%	12.00%				

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 403,773	\$ 413,167	\$ 374,164	\$ 357,329
Contributions in relation to the contractually required contribution	<u>(403,773)</u>	<u>(413,167)</u>	<u>(374,164)</u>	<u>(357,329)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,125,121	\$ 2,174,563	\$ 1,969,284	\$ 1,880,679
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 428,502	\$ 500,716	\$ 372,288	\$ 357,257
Contributions in relation to the contractually required contribution	<u>(428,502)</u>	<u>(500,716)</u>	<u>(372,288)</u>	<u>(357,257)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,823,413	\$ 2,130,706	\$ 1,584,204	\$ 1,520,243
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 356,195	\$ 326,523	\$ 304,580	\$ 253,276	\$ 200,811	\$ 210,059
<u>(356,195)</u>	<u>(326,523)</u>	<u>(304,580)</u>	<u>(253,276)</u>	<u>(200,811)</u>	<u>(210,059)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,874,711	\$ 1,718,542	\$ 1,603,053	\$ 1,594,602	\$ 1,574,988	\$ 1,647,522
19.00%	19.00%	19.00%	15.88%	12.75%	12.75%
\$ 353,825	\$ 335,793	\$ 293,336	\$ 227,254	\$ 200,587	\$ 215,516
<u>(353,825)</u>	<u>(335,793)</u>	<u>(293,336)</u>	<u>(227,254)</u>	<u>(200,587)</u>	<u>(215,516)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,505,638	\$ 1,428,906	\$ 1,248,238	\$ 1,114,901	\$ 1,162,823	\$ 1,249,368
23.50%	23.50%	23.50%	20.38%	17.25%	17.25%

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.036801%	0.037452%	0.036860%	0.035763%
City's proportionate share of the net OPEB liability	\$ 5,083,174	\$ 4,882,857	\$ 4,002,723	\$ 3,612,247
City's covered payroll	\$ 5,625,403	\$ 5,416,684	\$ 5,282,016	\$ 4,897,700
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	90.36%	90.14%	75.78%	73.75%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.17691640%	0.15648300%	0.15826000%	0.15463300%
City's proportionate share of the net OPEB liability	\$ 1,747,532	\$ 1,425,018	\$ 8,715,549	\$ 7,340,081
City's covered payroll	\$ 4,305,269	\$ 3,553,488	\$ 3,400,922	\$ 3,380,349
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.59%	40.10%	256.27%	217.14%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 21,653	\$ 21,718	\$ 21,260	\$ 67,763
Contributions in relation to the contractually required contribution	<u>(21,653)</u>	<u>(21,718)</u>	<u>(21,260)</u>	<u>(67,763)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,493,167	\$ 5,625,403	\$ 5,416,684	\$ 5,282,016
Contributions as a percentage of covered payroll	0.39%	0.39%	0.39%	1.28%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 112,005	\$ 84,989	\$ 84,007	\$ 39,823	\$ 161,922	\$ 172,651
<u>(112,005)</u>	<u>(84,989)</u>	<u>(84,007)</u>	<u>(39,823)</u>	<u>(161,922)</u>	<u>(172,651)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,897,700	\$ 4,742,541	\$ 4,072,075	\$ 3,982,254	\$ 3,960,908	\$ 4,228,960
2.29%	1.79%	2.06%	1.00%	4.09%	4.08%

**CITY OF DEFIANCE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 10,626	\$ 10,873	\$ 9,846	\$ 9,403
Contributions in relation to the contractually required contribution	<u>(10,626)</u>	<u>(10,873)</u>	<u>(9,846)</u>	<u>(9,403)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,125,121	\$ 2,174,563	\$ 1,969,284	\$ 1,880,679
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 9,117	\$ 10,654	\$ 7,921	\$ 7,601
Contributions in relation to the contractually required contribution	<u>(9,117)</u>	<u>(10,654)</u>	<u>(7,921)</u>	<u>(7,601)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,823,413	\$ 2,130,706	\$ 1,584,204	\$ 1,520,243
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 9,374	\$ 8,825	\$ 8,427	\$ 52,900	\$ 106,312	\$ 111,208
<u>(9,374)</u>	<u>(8,825)</u>	<u>(8,427)</u>	<u>(52,900)</u>	<u>(106,312)</u>	<u>(111,208)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,874,711	\$ 1,718,542	\$ 1,603,053	\$ 1,594,602	\$ 1,574,988	\$ 1,647,522
0.50%	0.50%	0.53%	3.32%	6.75%	6.75%
\$ 7,528	\$ 7,145	\$ 6,432	\$ 37,212	\$ 78,490	\$ 84,333
<u>(7,528)</u>	<u>(7,145)</u>	<u>(6,432)</u>	<u>(37,212)</u>	<u>(78,490)</u>	<u>(84,333)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,505,638	\$ 1,428,906	\$ 1,248,238	\$ 1,114,901	\$ 1,162,823	\$ 1,249,368
0.50%	0.50%	0.52%	3.34%	6.75%	6.75%

**CITY OF DEFIANCE, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2020.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2020.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019-2020.

(Continued)

**CITY OF DEFIANCE, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2020.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.

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COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

**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.



**CITY OF DEFIANCE, OHIO**

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**Nonmajor Special Revenue Funds (Continued)**

***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.

***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.

***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.

**CITY OF DEFIANCE, OHIO**

**FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

***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.

***Park and Recreation Trust Fund***

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

***Probation Incentive Grant***

This fund accounts for monies received from the Ohio Department of Rehabilitation and Correction for the purpose of adopting and administering evidence-based programs, policies, projects or other practices to reduce the number of offenders on community control who violate the conditions of their supervision and are incarcerated.

***Local Coronavirus Relief Fund***

This fund accounts for monies related to spending on activities to help mitigate the impact of Covid-19 on the City.

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.

***Health Care Trust Fund***

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

**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 funds:

**Nonmajor Debt Service Fund**

***Bond Retirement Fund***

This fund accounts for the resources received from special assessments that are restricted for the payment of principal, interest, and other fiscal charges on governmental OWDA loans.

***Commerce Drive Fund***

This fund accounts for monies received in connection with tax increment financing agreements to pay for land acquisition on East Commerce Drive.

**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 funds:

**Major Capital Projects Fund**

***Capital Improvements Fund***

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

**Nonmajor Capital Projects Funds**

***Splash Pad Trust Fund***

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

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**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 7,203,082	\$ 7,226,853	\$ 6,980,033	\$ (246,820)
Property and other local taxes . . . . .	604,555	606,550	590,362	(16,188)
Charges for services . . . . .	722,461	724,845	717,084	(7,761)
Licenses, permits and fees . . . . .	103,459	103,800	86,697	(17,103)
Fines and forfeitures . . . . .	411,761	413,120	282,612	(130,508)
Intergovernmental . . . . .	457,800	459,311	460,816	1,505
Investment income . . . . .	153,493	154,000	123,223	(30,777)
Rental Income. . . . .	3,239	3,250	2,000	(1,250)
Donations. . . . .	-	-	2,500	2,500
Other . . . . .	98,525	98,850	842,623	743,773
<b>Total revenues . . . . .</b>	<b>9,758,375</b>	<b>9,790,579</b>	<b>10,087,950</b>	<b>297,371</b>
<b>Expenditures:</b>				
Current:				
General Government:				
City Council:				
Salaries and wages . . . . .	96,751	98,600	90,105	8,495
Operating . . . . .	36,431	37,127	33,928	3,199
<b>Total city council . . . . .</b>	<b>133,182</b>	<b>135,727</b>	<b>124,033</b>	<b>11,694</b>
Municipal Court:				
Salaries and wages . . . . .	870,920	887,565	811,093	76,472
Operating . . . . .	52,811	53,820	49,183	4,637
<b>Total municipal court . . . . .</b>	<b>923,731</b>	<b>941,385</b>	<b>860,276</b>	<b>81,109</b>
County Law Library:				
Operating . . . . .	34,368	35,025	32,007	3,018
<b>Total county law library . . . . .</b>	<b>34,368</b>	<b>35,025</b>	<b>32,007</b>	<b>3,018</b>
Mayor:				
Salaries and wages . . . . .	174,819	178,160	162,810	15,350
Operating . . . . .	9,066	9,239	8,443	796
<b>Total mayor. . . . .</b>	<b>183,885</b>	<b>187,399</b>	<b>171,253</b>	<b>16,146</b>
City Administrator:				
Salaries and wages . . . . .	157,422	160,431	146,608	13,823
Operating . . . . .	28,052	28,588	26,125	2,463
<b>Total city administrator . . . . .</b>	<b>185,474</b>	<b>189,019</b>	<b>172,733</b>	<b>16,286</b>
Finance Department:				
Salaries and wages . . . . .	458,209	466,967	426,733	40,234
Operating . . . . .	105,285	107,298	98,053	9,245
<b>Total finance department. . . . .</b>	<b>563,494</b>	<b>574,265</b>	<b>524,786</b>	<b>49,479</b>
County and State Charges:				
Operating . . . . .	67,168	68,452	62,554	5,898
<b>Total county and state charges. . . . .</b>	<b>67,168</b>	<b>68,452</b>	<b>62,554</b>	<b>5,898</b>
Law Department:				
Salaries and wages . . . . .	357,663	364,499	333,094	31,405
Operating . . . . .	9,521	9,703	8,867	836
<b>Total law department. . . . .</b>	<b>367,184</b>	<b>374,202</b>	<b>341,961</b>	<b>32,241</b>

**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, 2020

	<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 . . . . .	\$ 9,709	\$ 9,895	\$ 9,042	\$ 853
Operating . . . . .	5,884	5,997	5,480	517
Total civil service . . . . .	<u>15,593</u>	<u>15,892</u>	<u>14,522</u>	<u>1,370</u>
Land and Buildings:				
Salaries and wages . . . . .	164,422	167,564	153,127	14,437
Operating . . . . .	474,120	483,182	441,551	41,631
Total land and buildings . . . . .	<u>638,542</u>	<u>650,746</u>	<u>594,678</u>	<u>56,068</u>
Insurance Pool:				
Operating . . . . .	183,068	186,568	170,493	16,075
Total insurance pool . . . . .	<u>183,068</u>	<u>186,568</u>	<u>170,493</u>	<u>16,075</u>
Income Tax Collection and Distribution:				
Salaries and wages . . . . .	102,002	103,951	94,995	8,956
Operating . . . . .	408,733	416,545	380,656	35,889
Total income tax collection and distribution . . . . .	<u>510,735</u>	<u>520,496</u>	<u>475,651</u>	<u>44,845</u>
Total General Government . . . . .	<u>3,806,424</u>	<u>3,879,176</u>	<u>3,544,947</u>	<u>334,229</u>
Public Health and Welfare:				
Cemetery:				
Salaries and wages . . . . .	270,200	275,364	188,318	87,046
Operating . . . . .	131,554	134,069	91,688	42,381
Total cemetery . . . . .	<u>401,754</u>	<u>409,433</u>	<u>280,006</u>	<u>129,427</u>
Total Public Health and Welfare . . . . .	<u>401,754</u>	<u>409,433</u>	<u>280,006</u>	<u>129,427</u>
Community Environment:				
Building Inspection:				
Salaries and wages . . . . .	130,709	133,207	111,133	22,074
Operating . . . . .	23,865	24,322	20,291	4,031
Total building inspection . . . . .	<u>154,574</u>	<u>157,529</u>	<u>131,424</u>	<u>26,105</u>
Engineering:				
Salaries and wages . . . . .	738,121	752,228	627,573	124,655
Operating . . . . .	80,197	81,730	68,186	13,544
Total engineering. . . . .	<u>818,318</u>	<u>833,958</u>	<u>695,759</u>	<u>138,199</u>
Total Community Environment. . . . .	<u>972,892</u>	<u>991,487</u>	<u>827,183</u>	<u>164,304</u>
Leisure Time Activity:				
Parks and Recreation:				
Salaries and wages . . . . .	485,496	494,775	350,767	144,008
Operating . . . . .	316,018	322,058	228,321	93,737
Total parks and recreation . . . . .	<u>801,514</u>	<u>816,833</u>	<u>579,088</u>	<u>237,745</u>
Total Leisure Time Activity . . . . .	<u>801,514</u>	<u>816,833</u>	<u>579,088</u>	<u>237,745</u>

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**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Economic Development:				
Development Department:				
Operating . . . . .	\$ 131,171	\$ 133,678	\$ 131,622	\$ 2,056
Total development department . . . .	131,171	133,678	131,622	2,056
Total Economic Development . . . . .	131,171	133,678	131,622	2,056
Total expenditures . . . . .	6,113,755	6,230,607	5,362,846	867,761
Excess of revenues over expenditures . .	3,644,620	3,559,972	4,725,104	1,165,132
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	9,967	10,000	105,250	95,250
Transfers in. . . . .	882,886	885,800	885,800	-
Transfers (out). . . . .	(4,808,159)	(4,900,057)	(4,569,520)	330,537
Total other financing sources (uses). . .	(3,915,306)	(4,004,257)	(3,578,470)	425,787
Net change in fund balances. . . . .	(270,686)	(444,285)	1,146,634	1,590,919
<b>Fund balances at beginning of year. . . .</b>	3,067,506	3,067,506	3,067,506	-
<b>Prior year encumbrances appropriated .</b>	109,661	109,661	109,661	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,906,481</u>	<u>\$ 2,732,882</u>	<u>\$ 4,323,801</u>	<u>\$ 1,590,919</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, 2020

	<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 . . . . .	\$ 1,821,593	\$ 1,822,861	\$ 1,752,895	\$ (69,966)
Intergovernmental . . . . .	380,119	380,384	307,424	(72,960)
Total revenues . . . . .	<u>2,201,712</u>	<u>2,203,245</u>	<u>2,060,319</u>	<u>(142,926)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Salaries and wages . . . . .	3,730,256	3,174,348	3,027,379	146,969
Operating . . . . .	341,066	398,233	276,800	121,433
Total police . . . . .	<u>4,071,322</u>	<u>3,572,581</u>	<u>3,304,179</u>	<u>268,402</u>
Fire:				
Salaries and wages . . . . .	2,231,962	2,749,250	1,811,403	937,847
Operating . . . . .	324,814	345,802	263,611	82,191
Total fire. . . . .	<u>2,556,776</u>	<u>3,095,052</u>	<u>2,075,014</u>	<u>1,020,038</u>
Total expenditures . . . . .	<u>6,628,098</u>	<u>6,667,633</u>	<u>5,379,193</u>	<u>1,288,440</u>
Excess of expenditures over revenues . . . . .	<u>(4,426,386)</u>	<u>(4,464,388)</u>	<u>(3,318,874)</u>	<u>1,145,514</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	4,097,149	4,100,000	3,800,000	(300,000)
Total other financing sources . . . . .	<u>4,097,149</u>	<u>4,100,000</u>	<u>3,800,000</u>	<u>(300,000)</u>
Net change in fund balances . . . . .	(329,237)	(364,388)	481,126	845,514
<b>Fund balances at beginning of year. . . . .</b>	284,971	284,971	284,971	-
<b>Prior year encumbrances appropriated. . . . .</b>	45,263	45,263	45,263	-
<b>Fund balance (deficit) at end of year . . . . .</b>	<u>\$ 997</u>	<u>\$ (34,154)</u>	<u>\$ 811,360</u>	<u>\$ 845,514</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CAPITAL IMPROVEMENTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 1,822,861	\$ 1,822,861	\$ 1,752,895	\$ (69,966)
Intergovernmental. . . . .	2,378,265	2,378,265	1,979,938	(398,327)
Donations. . . . .	50,000	50,000	86,136	36,136
Other . . . . .	-	-	19,896	19,896
Total revenues . . . . .	<u>4,251,126</u>	<u>4,251,126</u>	<u>3,838,865</u>	<u>(412,261)</u>
<b>Expenditures:</b>				
Current:				
Capital Outlay:				
Operating . . . . .	<u>4,419,132</u>	<u>4,419,132</u>	<u>3,957,182</u>	<u>461,950</u>
Total capital outlay . . . . .	<u>4,419,132</u>	<u>4,419,132</u>	<u>3,957,182</u>	<u>461,950</u>
Debt Service:				
Principal retirement . . . . .	79,000	79,000	79,000	-
Bond issuance cost . . . . .	26,970	26,970	26,969	1
Interest and fiscal charges . . . . .	55,044	55,044	54,217	827
Total debt service. . . . .	<u>161,014</u>	<u>161,014</u>	<u>160,186</u>	<u>828</u>
Total expenditures. . . . .	<u>4,580,146</u>	<u>4,580,146</u>	<u>4,117,368</u>	<u>462,778</u>
Excess of expenditures over revenues. . . . .	<u>(329,020)</u>	<u>(329,020)</u>	<u>(278,503)</u>	<u>50,517</u>
<b>Other financing sources (uses):</b>				
Sale of assets . . . . .	-	-	79,961	79,961
Bonds issuance . . . . .	-	-	1,029,971	1,029,971
Transfers out . . . . .	<u>(169,200)</u>	<u>(169,200)</u>	<u>(169,200)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>(169,200)</u>	<u>(169,200)</u>	<u>940,732</u>	<u>1,109,932</u>
Net change in fund balances. . . . .	(498,220)	(498,220)	662,229	1,160,449
<b>Fund balances at beginning of year. . . . .</b>	553,557	553,557	553,557	-
<b>Prior year encumbrances appropriated . . . . .</b>	431,663	431,663	431,663	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 487,000</u>	<u>\$ 487,000</u>	<u>\$ 1,647,449</u>	<u>\$ 1,160,449</u>



**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 2,911,385	\$ 636,946	\$ 16,615	\$ 3,564,946
Cash in segregated accounts . . . . .	654,969	-	-	654,969
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	4,728	-	-	4,728
Property and other local taxes. . . . .	234,681	-	-	234,681
Accounts . . . . .	69,643	-	-	69,643
Loans receivable. . . . .	518,132	-	-	518,132
Special assessments. . . . .	-	106,109	-	106,109
Accrued interest. . . . .	3,960	-	-	3,960
Due from other governments . . . . .	565,434	-	-	565,434
Materials and supplies inventory . . . . .	57,094	-	-	57,094
Total assets . . . . .	<u>\$ 5,020,026</u>	<u>\$ 743,055</u>	<u>\$ 16,615</u>	<u>\$ 5,779,696</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 56,213	\$ -	\$ -	\$ 56,213
Accrued wages and benefits payable. . . . .	17,200	-	-	17,200
Due to other governments . . . . .	34,780	-	-	34,780
Total liabilities . . . . .	<u>108,193</u>	<u>-</u>	<u>-</u>	<u>108,193</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	183,400	-	-	183,400
Accrued interest not available. . . . .	1,829	-	-	1,829
Special assessments revenue not available. . . . .	-	106,109	-	106,109
Miscellaneous revenue not available . . . . .	52,257	-	-	52,257
Income tax revenue not available . . . . .	1,775	-	-	1,775
Intergovernmental revenue not available . . . . .	370,078	-	-	370,078
Total deferred inflows of resources. . . . .	<u>609,339</u>	<u>106,109</u>	<u>-</u>	<u>715,448</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	57,094	-	-	57,094
Restricted . . . . .	4,240,339	636,944	16,615	4,893,898
Committed. . . . .	5,061	-	-	5,061
Assigned. . . . .	-	2	-	2
Total fund balances. . . . .	<u>4,302,494</u>	<u>636,946</u>	<u>16,615</u>	<u>4,956,055</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 5,020,026</u>	<u>\$ 743,055</u>	<u>\$ 16,615</u>	<u>\$ 5,779,696</u>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 29,129	\$ -	\$ -	\$ 29,129
Property and other local taxes . . . . .	453,367	-	-	453,367
Licenses, permits and fees . . . . .	206,714	-	-	206,714
Fines and forfeitures . . . . .	210,793	-	-	210,793
Intergovernmental . . . . .	2,858,099	-	-	2,858,099
Special assessments . . . . .	-	118,686	-	118,686
Investment income . . . . .	32,405	-	-	32,405
Donations . . . . .	57,011	-	40,000	97,011
Increase in fair value of investments . . . . .	67,206	-	-	67,206
Other . . . . .	136,239	-	-	136,239
<b>Total revenues.</b> . . . .	<b>4,050,963</b>	<b>118,686</b>	<b>40,000</b>	<b>4,209,649</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	565,482	2,401	-	567,883
Security of persons and property . . . . .	1,935,079	-	-	1,935,079
Public health and welfare . . . . .	237,444	-	-	237,444
Transportation . . . . .	1,099,409	-	-	1,099,409
Leisure time activity . . . . .	132	-	-	132
Economic development . . . . .	222,067	-	-	222,067
Capital outlay . . . . .	138,087	-	-	138,087
Debt service:				
Principal retirement . . . . .	199,000	229,089	177,000	605,089
Interest and fiscal charges . . . . .	12,264	51,989	21,126	85,379
Bond issuance costs . . . . .	62,341	-	-	62,341
<b>Total expenditures</b> . . . . .	<b>4,471,305</b>	<b>283,479</b>	<b>198,126</b>	<b>4,952,910</b>
Excess of expenditures over revenues . . . . .	(420,342)	(164,793)	(158,126)	(743,261)
<b>Other financing sources (uses):</b>				
Bond issuance . . . . .	2,560,000	-	-	2,560,000
Payment to refunded bond escrow agent . . . . .	(2,546,709)	-	-	(2,546,709)
Premium on bond issuance . . . . .	56,487	-	-	56,487
Transfers in . . . . .	605,000	180,009	169,200	954,209
<b>Total other financing sources (uses).</b> . . . . .	<b>674,778</b>	<b>180,009</b>	<b>169,200</b>	<b>1,023,987</b>
Net change in fund balances . . . . .	254,436	15,216	11,074	280,726
<b>Fund balances at beginning of year.</b> . . . . .	<b>4,048,058</b>	<b>621,730</b>	<b>5,541</b>	<b>4,675,329</b>
<b>Fund balances at end of year</b> . . . . .	<b>\$ 4,302,494</b>	<b>\$ 636,946</b>	<b>\$ 16,615</b>	<b>\$ 4,956,055</b>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2020

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Indigent Drivers
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 159,412	\$ 63,696	\$ 394,722	\$ 34,212
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	4,728	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	-	-	-	659
Loans receivable. . . . .	-	-	-	-
Accrued interest. . . . .	526	-	1,302	-
Due from other governments . . . . .	37,081	-	516,553	-
Materials and supplies inventory . . . . .	-	-	57,094	-
Total assets. . . . .	<u>\$ 197,019</u>	<u>\$ 63,696</u>	<u>\$ 974,399</u>	<u>\$ 34,871</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 58	\$ 295	\$ 14,992	\$ -
Accrued wages and benefits payable. . . . .	-	-	17,200	-
Due to other governments . . . . .	-	-	8,721	-
Total liabilities . . . . .	<u>58</u>	<u>295</u>	<u>40,913</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	-	-	-	-
Accrued interest not available . . . . .	243	-	601	-
Miscellaneous revenue not available. . . . .	-	-	-	-
Income tax revenue not available . . . . .	-	-	1,775	-
Intergovernmental revenue not available . . . . .	24,658	-	333,620	-
Total deferred inflows of resources. . . . .	<u>24,901</u>	<u>-</u>	<u>335,996</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	57,094	-
Restricted . . . . .	172,060	63,401	540,396	34,871
Committed. . . . .	-	-	-	-
Total fund balances . . . . .	<u>172,060</u>	<u>63,401</u>	<u>597,490</u>	<u>34,871</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 197,019</u>	<u>\$ 63,696</u>	<u>\$ 974,399</u>	<u>\$ 34,871</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>
\$ 164,355	\$ 7,023	\$ 388,136	\$ 5,061	\$ 250,686	\$ 229,384
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,084	-	3,975	-	7,986	682
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 168,439</u>	<u>\$ 7,023</u>	<u>\$ 392,111</u>	<u>\$ 5,061</u>	<u>\$ 258,672</u>	<u>\$ 230,066</u>
\$ 654	\$ 824	\$ 2,636	\$ -	\$ 3,700	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>654</u>	<u>824</u>	<u>2,636</u>	<u>-</u>	<u>3,700</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
167,785	6,199	389,475	-	254,972	230,066
-	-	-	5,061	-	-
<u>167,785</u>	<u>6,199</u>	<u>389,475</u>	<u>5,061</u>	<u>254,972</u>	<u>230,066</u>
<u>\$ 168,439</u>	<u>\$ 7,023</u>	<u>\$ 392,111</u>	<u>\$ 5,061</u>	<u>\$ 258,672</u>	<u>\$ 230,066</u>

-- Continued

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2020

	Cable TV - Franchise	Housing Rehabilitation Grant	Revolving Loan - Industrial	Peace Officer Training
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 34,824	\$ 646,250	\$ 7,271
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes . . . . .	-	-	-	-
Accounts . . . . .	52,257	-	-	-
Loans receivable . . . . .	-	-	518,132	-
Accrued interest . . . . .	-	-	2,132	-
Due from other governments . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets . . . . .	<u>\$ 52,257</u>	<u>\$ 34,824</u>	<u>\$ 1,166,514</u>	<u>\$ 7,271</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 . . . . .	-	-	-	-
Accrued interest not available . . . . .	-	-	985	-
Miscellaneous revenue not available . . . . .	52,257	-	-	-
Income tax revenue not available . . . . .	-	-	-	-
Intergovernmental revenue not available . . . . .	-	-	-	-
Total deferred inflows of resources . . . . .	<u>52,257</u>	<u>-</u>	<u>985</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	-	-
Restricted . . . . .	-	34,824	1,165,529	7,271
Committed . . . . .	-	-	-	-
Total fund balances . . . . .	<u>-</u>	<u>34,824</u>	<u>1,165,529</u>	<u>7,271</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 52,257</u>	<u>\$ 34,824</u>	<u>\$ 1,166,514</u>	<u>\$ 7,271</u>

<u>Riverside Cemetery Enhancement</u>	<u>Hotel/Motel Tax</u>	<u>Museum Trust</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Law Enforcement Trust</u>
\$ 5,287	\$ 246,490	\$ 8,420	\$ 21,630	\$ 34,402	\$ 42,092
-	-	654,969	-	-	-
-	-	-	-	-	-
-	51,281	-	91,700	91,700	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,900	5,900	-
-	-	-	-	-	-
<u>\$ 5,287</u>	<u>\$ 297,771</u>	<u>\$ 663,389</u>	<u>\$ 119,230</u>	<u>\$ 132,002</u>	<u>\$ 42,092</u>
\$ -	\$ 1,309	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	26,059	-	-	-	-
-	27,368	-	-	-	-
-	-	-	-	-	-
-	-	-	91,700	91,700	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,900	5,900	-
-	-	-	97,600	97,600	-
-	-	-	-	-	-
-	-	-	-	-	-
5,287	270,403	663,389	21,630	34,402	42,092
-	-	-	-	-	-
<u>5,287</u>	<u>270,403</u>	<u>663,389</u>	<u>21,630</u>	<u>34,402</u>	<u>42,092</u>
<u>\$ 5,287</u>	<u>\$ 297,771</u>	<u>\$ 663,389</u>	<u>\$ 119,230</u>	<u>\$ 132,002</u>	<u>\$ 42,092</u>

- - Continued

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31, 2020

	Fire and Rescue Trust	Fire Damage Repair	Probation Incentive Grant	Local Coronavirus Relief
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 69,990	\$ 16,947	\$ 14,390	\$ 66,705
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	-	-	-	-
Loans receivable. . . . .	-	-	-	-
Accrued interest. . . . .	-	-	-	-
Due from other governments . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 69,990</u>	<u>\$ 16,947</u>	<u>\$ 14,390</u>	<u>\$ 66,705</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 10,005	\$ -	\$ 635	\$ 21,105
Accrued wages and benefits payable. . . . .	-	-	-	-
Due to other governments . . . . .	-	-	-	-
Total liabilities . . . . .	<u>10,005</u>	<u>-</u>	<u>635</u>	<u>21,105</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	-	-	-	-
Accrued interest not available . . . . .	-	-	-	-
Miscellaneous revenue not available. . . . .	-	-	-	-
Income tax revenue not available . . . . .	-	-	-	-
Intergovernmental revenue not available . . . . .	-	-	-	-
Total deferred inflows of resources. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	-	-
Restricted . . . . .	59,985	16,947	13,755	45,600
Committed. . . . .	-	-	-	-
Total fund balances . . . . .	<u>59,985</u>	<u>16,947</u>	<u>13,755</u>	<u>45,600</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 69,990</u>	<u>\$ 16,947</u>	<u>\$ 14,390</u>	<u>\$ 66,705</u>



**Total  
Nonmajor  
Special Revenue  
Funds**

\$ 2,911,385  
654,969

4,728

234,681

69,643

518,132

3,960

565,434

57,094

\$ 5,020,026

\$ 56,213

17,200

34,780

108,193

183,400

1,829

52,257

1,775

370,078

609,339

57,094

4,240,339

5,061

4,302,494

\$ 5,020,026

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ -	\$ -	\$ 29,129	\$ -
Property and other local taxes . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	-	-	-	11,640
Intergovernmental . . . . .	77,683	64,359	1,093,684	-
Investment income . . . . .	2,234	-	4,022	-
Donations. . . . .	-	-	-	-
Increase in fair value of investments . . . . .	-	-	-	-
Other . . . . .	-	-	58,482	-
Total revenues. . . . .	<u>79,917</u>	<u>64,359</u>	<u>1,185,317</u>	<u>11,640</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	-	-
Security of persons and property. . . . .	-	-	-	16,596
Public health and welfare. . . . .	-	-	-	-
Transportation . . . . .	57,440	6,695	1,006,027	-
Leisure time activity . . . . .	-	-	-	-
Economic development . . . . .	-	-	-	-
Capital outlay. . . . .	-	-	-	-
Debt service:				
Principal retirement. . . . .	-	49,000	-	-
Interest and fiscal charges. . . . .	-	5,873	-	-
Bond issuance costs. . . . .	-	-	-	-
Total expenditures . . . . .	<u>57,440</u>	<u>61,568</u>	<u>1,006,027</u>	<u>16,596</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>22,477</u>	<u>2,791</u>	<u>179,290</u>	<u>(4,956)</u>
<b>Other financing sources (uses):</b>				
Bond issuance . . . . .	-	-	-	-
Payment to refunded bond escrow agent . . . . .	-	-	-	-
Premium on bond issuance. . . . .	-	-	-	-
Transfers in . . . . .	-	-	-	-
Total other financing sources (uses) . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	22,477	2,791	179,290	(4,956)
<b>Fund balances (deficit) at beginning of year. . . . .</b>	<u>149,583</u>	<u>60,610</u>	<u>418,200</u>	<u>39,827</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 172,060</u>	<u>\$ 63,401</u>	<u>\$ 597,490</u>	<u>\$ 34,871</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
24,726	-	54,983	-	110,222	7,962
-	61,644	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,559	1,842	-	550	-	10,181
<u>36,285</u>	<u>63,486</u>	<u>54,983</u>	<u>550</u>	<u>110,222</u>	<u>18,143</u>
-	-	43,843	-	3,700	-
47,831	60,440	-	-	-	-
-	-	-	-	-	-
-	-	-	132	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	150,000	-
-	-	-	-	6,391	-
-	-	-	-	62,341	-
<u>47,831</u>	<u>60,440</u>	<u>43,843</u>	<u>132</u>	<u>222,432</u>	<u>-</u>
<u>(11,546)</u>	<u>3,046</u>	<u>11,140</u>	<u>418</u>	<u>(112,210)</u>	<u>18,143</u>
-	-	-	-	2,560,000	-
-	-	-	-	(2,546,709)	-
-	-	-	-	56,487	-
-	-	-	-	-	-
-	-	-	-	69,778	-
<u>(11,546)</u>	<u>3,046</u>	<u>11,140</u>	<u>418</u>	<u>(42,432)</u>	<u>18,143</u>
<u>179,331</u>	<u>3,153</u>	<u>378,335</u>	<u>4,643</u>	<u>297,404</u>	<u>211,923</u>
<u>\$ 167,785</u>	<u>\$ 6,199</u>	<u>\$ 389,475</u>	<u>\$ 5,061</u>	<u>\$ 254,972</u>	<u>\$ 230,066</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, 2020

	<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 . . . . .	206,714	-	-	-
Fines and forfeitures . . . . .	-	-	-	-
Intergovernmental . . . . .	-	31,220	129,705	-
Investment income . . . . .	-	-	25,541	-
Donations . . . . .	-	-	-	-
Increase in fair value of investments . . . . .	-	-	-	-
Other . . . . .	-	-	1,457	-
Total revenues . . . . .	<u>206,714</u>	<u>31,220</u>	<u>156,703</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	206,714	40,147	-	-
Security of persons and property . . . . .	-	-	-	-
Public health and welfare . . . . .	-	-	-	-
Transportation . . . . .	-	-	-	-
Leisure time activity . . . . .	-	-	-	-
Economic development . . . . .	-	-	222,067	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-
Bond issuance costs . . . . .	-	-	-	-
Total expenditures . . . . .	<u>206,714</u>	<u>40,147</u>	<u>222,067</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>-</u>	<u>(8,927)</u>	<u>(65,364)</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Bond issuance . . . . .	-	-	-	-
Payment to refunded bond escrow agent . . . . .	-	-	-	-
Premium on bond issuance . . . . .	-	-	-	-
Transfers in . . . . .	-	-	-	-
Total other financing sources (uses) . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	-	(8,927)	(65,364)	-
<b>Fund balances (deficit) at beginning of year . . . . .</b>	<u>-</u>	<u>43,751</u>	<u>1,230,893</u>	<u>7,271</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ 34,824</u>	<u>\$ 1,165,529</u>	<u>\$ 7,271</u>

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	283,404	-	-	84,982
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	10,622
11	71	-	-	-	-
-	760	-	12,880	-	-
-	-	-	67,206	-	-
-	-	2,158	-	-	-
<u>11</u>	<u>831</u>	<u>285,562</u>	<u>80,086</u>	<u>-</u>	<u>95,604</u>
920	-	111,183	9,636	-	-
-	-	-	-	-	401,133
-	-	-	-	1,061	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	138,007	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>920</u>	<u>-</u>	<u>249,190</u>	<u>9,636</u>	<u>1,061</u>	<u>401,133</u>
<u>(909)</u>	<u>831</u>	<u>36,372</u>	<u>70,450</u>	<u>(1,061)</u>	<u>(305,529)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	225,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
(909)	831	36,372	70,450	(1,061)	(80,529)
909	4,456	234,031	592,939	1,061	102,159
<u>\$ -</u>	<u>\$ 5,287</u>	<u>\$ 270,403</u>	<u>\$ 663,389</u>	<u>\$ -</u>	<u>\$ 21,630</u>

- - Continued

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Fire Pension</b>	<b>Law Enforcement Trust</b>	<b>East Side Firehouse</b>	<b>Fire and Rescue Trust</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Property and other local taxes . . . . .	84,981	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	-	1,260	-	-
Intergovernmental . . . . .	10,622	-	-	52,740
Investment income . . . . .	-	-	-	-
Donations. . . . .	-	5,797	-	37,574
Increase in fair value of investments . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Total revenues. . . . .	<u>95,603</u>	<u>7,057</u>	<u>-</u>	<u>90,314</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	-	-
Security of persons and property. . . . .	438,799	485	610	56,791
Public health and welfare. . . . .	-	-	-	-
Transportation . . . . .	-	-	-	-
Leisure time activity . . . . .	-	-	-	-
Economic development . . . . .	-	-	-	-
Capital outlay. . . . .	-	-	-	-
Debt service:				
Principal retirement. . . . .	-	-	-	-
Interest and fiscal charges. . . . .	-	-	-	-
Bond issuance costs. . . . .	-	-	-	-
Total expenditures . . . . .	<u>438,799</u>	<u>485</u>	<u>610</u>	<u>56,791</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(343,196)</u>	<u>6,572</u>	<u>(610)</u>	<u>33,523</u>
<b>Other financing sources (uses):</b>				
Bond issuance . . . . .	-	-	-	-
Payment to refunded bond escrow agent . . . . .	-	-	-	-
Premium on bond issuance. . . . .	-	-	-	-
Transfers in . . . . .	380,000	-	-	-
Total other financing sources (uses) . . . . .	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	36,804	6,572	(610)	33,523
<b>Fund balances (deficit) at beginning of year. . . . .</b>	<u>(2,402)</u>	<u>35,520</u>	<u>610</u>	<u>26,462</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 34,402</u>	<u>\$ 42,092</u>	<u>\$ -</u>	<u>\$ 59,985</u>

<b>Fire Damage Repair</b>	<b>Park and Recreation Trust</b>	<b>Probation Incentive Grant</b>	<b>Local Coronavirus Relief</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 29,129
-	-	-	-	453,367
-	-	-	-	206,714
-	-	-	-	210,793
-	-	63,772	1,262,048	2,858,099
-	-	-	526	32,405
-	-	-	-	57,011
-	-	-	-	67,206
48,337	-	1,673	-	136,239
<u>48,337</u>	<u>-</u>	<u>65,445</u>	<u>1,262,574</u>	<u>4,050,963</u>
-	-	-	149,339	565,482
52,080	-	58,309	802,005	1,935,079
-	-	-	236,383	237,444
-	-	-	29,247	1,099,409
-	-	-	-	132
-	-	-	-	222,067
-	80	-	-	138,087
-	-	-	-	-
-	-	-	-	199,000
-	-	-	-	12,264
-	-	-	-	62,341
<u>52,080</u>	<u>80</u>	<u>58,309</u>	<u>1,216,974</u>	<u>4,471,305</u>
<u>(3,743)</u>	<u>(80)</u>	<u>7,136</u>	<u>45,600</u>	<u>(420,342)</u>
-	-	-	-	2,560,000
-	-	-	-	(2,546,709)
-	-	-	-	56,487
-	-	-	-	605,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674,778</u>
(3,743)	(80)	7,136	45,600	254,436
20,690	80	6,619	-	4,048,058
<u>\$ 16,947</u>	<u>\$ -</u>	<u>\$ 13,755</u>	<u>\$ 45,600</u>	<u>\$ 4,302,494</u>

**CITY OF DEFIANCE, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2020**

	<b>Bond Retirement</b>	<b>Commerce Drive</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 636,944	\$ 2	\$ 636,946
Receivables:			
Special assessments . . . . .	106,109	-	106,109
Total assets . . . . .	\$ 743,053	\$ 2	\$ 743,055
<b>Deferred inflows of resources:</b>			
Special assessments revenue not available. . . . .	\$ 106,109	\$ -	\$ 106,109
Total deferred inflows of resources. . . . .	106,109	-	106,109
<b>Fund balances:</b>			
Restricted . . . . .	636,944	-	636,944
Assigned . . . . .	-	2	2
Total fund balances . . . . .	636,944	2	636,946
Total deferred inflows of resources and fund balances . . . . .	\$ 743,053	\$ 2	\$ 743,055



**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Bond Retirement</b>	<b>Commerce Drive</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Revenues:</b>			
Special assessments . . . . .	\$ 118,686	\$ -	\$ 118,686
Total revenues. . . . .	<u>118,686</u>	<u>-</u>	<u>118,686</u>
<b>Expenditures:</b>			
Current:			
General government . . . . .	2,401	-	2,401
Debt service:			
Principal retirement. . . . .	116,559	112,530	229,089
Interest and fiscal charges . . . . .	-	51,989	51,989
Total expenditures . . . . .	<u>118,960</u>	<u>164,519</u>	<u>283,479</u>
Excess of expenditures over revenues . . . . .	<u>(274)</u>	<u>(164,519)</u>	<u>(164,793)</u>
<b>Other financing sources:</b>			
Transfers in. . . . .	15,489	164,520	180,009
Total other financing sources. . . . .	<u>15,489</u>	<u>164,520</u>	<u>180,009</u>
Net change in fund balances . . . . .	15,215	1	15,216
<b>Fund balances at beginning of year . . . . .</b>	<u>621,729</u>	<u>1</u>	<u>621,730</u>
<b>Fund balances at end of year . . . . .</b>	<u><u>\$ 636,944</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 636,946</u></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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 88,000	\$ 88,000	\$ 78,250	\$ (9,750)
Investment income . . . . .	2,600	2,600	2,450	(150)
Total revenues . . . . .	<u>90,600</u>	<u>90,600</u>	<u>80,700</u>	<u>(9,900)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	142,500	142,500	62,094	80,406
Total capital improvements . . . . .	<u>142,500</u>	<u>142,500</u>	<u>62,094</u>	<u>80,406</u>
Total expenditures . . . . .	<u>142,500</u>	<u>142,500</u>	<u>62,094</u>	<u>80,406</u>
Net change in fund balances. . . . .	(51,900)	(51,900)	18,606	70,506
<b>Fund balances at beginning of year. . . .</b>	136,119	136,119	136,119	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 84,219</u>	<u>\$ 84,219</u>	<u>\$ 154,725</u>	<u>\$ 70,506</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, 2020

	<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 . . . . .	\$ 54,892	\$ 54,892	\$ 64,359	\$ 9,467
Total revenues. . . . .	<u>54,892</u>	<u>54,892</u>	<u>64,359</u>	<u>9,467</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	18,924	18,924	7,325	11,599
Total capital improvements . . . . .	<u>18,924</u>	<u>18,924</u>	<u>7,325</u>	<u>11,599</u>
Debt Service:				
Principal retirement . . . . .	49,000	49,000	49,000	-
Interest and fiscal charges . . . . .	5,892	5,892	5,873	19
Total debt service. . . . .	<u>54,892</u>	<u>54,892</u>	<u>54,873</u>	<u>19</u>
Total expenditures . . . . .	<u>73,816</u>	<u>73,816</u>	<u>62,198</u>	<u>11,618</u>
Net change in fund balances. . . . .	(18,924)	(18,924)	2,161	21,085
<b>Fund balances at beginning of year. . . .</b>	42,611	42,611	42,611	-
<b>Prior year encumbrances appropriated .</b>	18,924	18,924	18,924	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 42,611</u>	<u>\$ 42,611</u>	<u>\$ 63,696</u>	<u>\$ 21,085</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, 2020

	<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 . . . . .	\$ 30,447	\$ 30,447	\$ 29,443	\$ (1,004)
Intergovernmental . . . . .	1,200,000	1,200,000	1,081,173	(118,827)
Investment income . . . . .	1,440	1,440	4,063	2,623
Other . . . . .	4,000	4,000	59,311	55,311
Total revenues. . . . .	<u>1,235,887</u>	<u>1,235,887</u>	<u>1,173,990</u>	<u>(61,897)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Highway and Streets:				
Salaries and wages . . . . .	791,180	791,180	671,552	119,628
Operating . . . . .	<u>502,094</u>	<u>502,094</u>	<u>390,867</u>	<u>111,227</u>
Total expenditures. . . . .	<u>1,293,274</u>	<u>1,293,274</u>	<u>1,062,419</u>	<u>230,855</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(57,387)</u>	<u>(57,387)</u>	<u>111,571</u>	<u>168,958</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>30,000</u>	<u>30,000</u>	<u>13,400</u>	<u>(16,600)</u>
Total other financing sources. . . . .	<u>30,000</u>	<u>30,000</u>	<u>13,400</u>	<u>(16,600)</u>
Net change in fund balances. . . . .	(27,387)	(27,387)	124,971	152,358
<b>Fund balances at beginning of year. . . .</b>	222,512	222,512	222,512	-
<b>Prior year encumbrances appropriated . .</b>	7,594	7,594	7,594	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 202,719</u>	<u>\$ 202,719</u>	<u>\$ 355,077</u>	<u>\$ 152,358</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, 2020

	<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	\$ 12,210	\$ (7,790)
Total revenues . . . . .	<u>20,000</u>	<u>20,000</u>	<u>12,210</u>	<u>(7,790)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating . . . . .	40,000	40,000	16,596	23,404
Total expenditures . . . . .	<u>40,000</u>	<u>40,000</u>	<u>16,596</u>	<u>23,404</u>
Net change in fund balances. . . . .	(20,000)	(20,000)	(4,386)	15,614
<b>Fund balances at beginning of year. . . .</b>	38,598	38,598	38,598	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 18,598</u>	<u>\$ 18,598</u>	<u>\$ 34,212</u>	<u>\$ 15,614</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, 2020

	<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 . . . . .	\$ 26,000	\$ 26,000	\$ 24,850	\$ (1,150)
Other . . . . .	8,000	8,000	11,722	3,722
Total revenues. . . . .	<u>34,000</u>	<u>34,000</u>	<u>36,572</u>	<u>2,572</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	47,315	47,315	41,362	5,953
Operating . . . . .	43,800	43,800	5,843	37,957
Total expenditures . . . . .	<u>91,115</u>	<u>91,115</u>	<u>47,205</u>	<u>43,910</u>
Net change in fund balances. . . . .	(57,115)	(57,115)	(10,633)	46,482
<b>Fund balances at beginning of year. . . .</b>	174,988	174,988	174,988	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 117,873</u>	<u>\$ 117,873</u>	<u>\$ 164,355</u>	<u>\$ 46,482</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, 2020

	<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 . . . . .	\$ 61,644	\$ 61,644	\$ 61,644	\$ -
Other . . . . .	-	-	1,842	1,842
Total revenues . . . . .	<u>61,644</u>	<u>61,644</u>	<u>63,486</u>	<u>1,842</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	53,818	52,224	52,109	115
Operating . . . . .	<u>7,826</u>	<u>9,420</u>	<u>7,577</u>	<u>1,843</u>
Total expenditures . . . . .	<u>61,644</u>	<u>61,644</u>	<u>59,686</u>	<u>1,958</u>
Net change in fund balances. . . . .	-	-	3,800	3,800
<b>Fund balances at beginning of year. . . .</b>	3,223	3,223	3,223	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,223</u>	<u>\$ 3,223</u>	<u>\$ 7,023</u>	<u>\$ 3,800</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, 2020

	<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 . . . . .	\$ 85,000	\$ 85,000	\$ 56,582	\$ (28,418)
Total revenues . . . . .	<u>85,000</u>	<u>85,000</u>	<u>56,582</u>	<u>(28,418)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	99,476	99,476	41,492	57,984
Total expenditures . . . . .	<u>99,476</u>	<u>99,476</u>	<u>41,492</u>	<u>57,984</u>
Net change in fund balances. . . . .	(14,476)	(14,476)	15,090	29,566
<b>Fund balances at beginning of year. . . .</b>	363,426	363,426	363,426	-
<b>Prior year encumbrances appropriated .</b>	9,476	9,476	9,476	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 358,426</u>	<u>\$ 358,426</u>	<u>\$ 387,992</u>	<u>\$ 29,566</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, 2020

	<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 . . . . .	\$ -	\$ -	\$ 550	\$ 550
Total revenues. . . . .	<u>-</u>	<u>-</u>	<u>550</u>	<u>550</u>
<b>Expenditures:</b>				
Current:				
Leisure time activity:				
Parks and Recreation:				
Operating . . . . .	4,600	4,600	132	4,468
Total expenditures . . . . .	<u>4,600</u>	<u>4,600</u>	<u>132</u>	<u>4,468</u>
Net change in fund balance. . . . .	(4,600)	(4,600)	418	5,018
<b>Fund balances at beginning of year. . . .</b>	4,643	4,643	4,643	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 43</u>	<u>\$ 43</u>	<u>\$ 5,061</u>	<u>\$ 5,018</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, 2020

	<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 . . . . .	\$ 170,000	\$ 170,000	\$ 113,406	\$ (56,594)
Total revenues . . . . .	<u>170,000</u>	<u>170,000</u>	<u>113,406</u>	<u>(56,594)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	165,000	83,732	72,432	11,300
Total municipal court . . . . .	<u>165,000</u>	<u>83,732</u>	<u>72,432</u>	<u>11,300</u>
Debt Service:				
Principal retirement . . . . .	-	2,655,000	2,655,000	-
Interest and fiscal charges . . . . .	-	41,709	41,709	-
Total debt service . . . . .	<u>-</u>	<u>2,696,709</u>	<u>2,696,709</u>	<u>-</u>
Total expenditures . . . . .	<u>165,000</u>	<u>2,780,441</u>	<u>2,769,141</u>	<u>11,300</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>5,000</u>	<u>(2,610,441)</u>	<u>(2,655,735)</u>	<u>(45,294)</u>
<b>Other financing sources:</b>				
Proceeds from the sale of bonds . . . . .	-	2,616,487	2,616,487	-
Total other financing sources . . . . .	<u>-</u>	<u>2,616,487</u>	<u>2,616,487</u>	<u>-</u>
Net change in fund balances . . . . .	5,000	6,046	(39,248)	(45,294)
<b>Fund balances at beginning of year . . . .</b>	<u>286,234</u>	<u>286,234</u>	<u>286,234</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 291,234</u>	<u>\$ 292,280</u>	<u>\$ 246,986</u>	<u>\$ (45,294)</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, 2020

	<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 . . . . .	\$ 9,000	\$ 9,000	\$ 8,460	\$ (540)
Other . . . . .	10,000	10,000	10,623	623
Total revenues . . . . .	<u>19,000</u>	<u>19,000</u>	<u>19,083</u>	<u>83</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. . . . .	14,000	14,000	19,083	5,083
<b>Fund balances at beginning of year. . . .</b>	210,301	210,301	210,301	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 224,301</u>	<u>\$ 224,301</u>	<u>\$ 229,384</u>	<u>\$ 5,083</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, permits and fees . . . . .	\$ 210,000	\$ 210,000	\$ 206,714	\$ (3,286)
Total revenues . . . . .	<u>210,000</u>	<u>210,000</u>	<u>206,714</u>	<u>(3,286)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Cable TV:				
Operating . . . . .	210,000	210,000	206,714	3,286
Total expenditures . . . . .	<u>210,000</u>	<u>210,000</u>	<u>206,714</u>	<u>3,286</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>	<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, 2020

	<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 . . . . .	\$ -	\$ 36,220	\$ 31,220	\$ (5,000)
Total revenues . . . . .	<u>-</u>	<u>36,220</u>	<u>31,220</u>	<u>(5,000)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
City Council:				
Operating . . . . .	-	79,971	40,147	39,824
Total expenditures . . . . .	<u>-</u>	<u>79,971</u>	<u>40,147</u>	<u>39,824</u>
Net change in fund balances. . . . .	-	(43,751)	(8,927)	34,824
<b>Fund balances at beginning of year. . . .</b>	43,751	43,751	43,751	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 43,751</u>	<u>\$ -</u>	<u>\$ 34,824</u>	<u>\$ 34,824</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, 2020

	<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 . . . . .	\$ 224,720	\$ 224,720	\$ 129,705	\$ (95,015)
Investment income . . . . .	7,100	7,100	9,189	2,089
Other . . . . .	-	-	60	60
Total revenues . . . . .	<u>231,820</u>	<u>231,820</u>	<u>138,954</u>	<u>(92,866)</u>
<b>Expenditures:</b>				
Current:				
Economic Development:				
Capital Improvement:				
Operating . . . . .	<u>597,641</u>	<u>597,641</u>	<u>358,108</u>	<u>239,533</u>
Total expenditures . . . . .	<u>597,641</u>	<u>597,641</u>	<u>358,108</u>	<u>239,533</u>
Excess of expenditures over revenues . . .	<u>(365,821)</u>	<u>(365,821)</u>	<u>(219,154)</u>	<u>146,667</u>
<b>Other financing sources:</b>				
Other financing sources . . . . .	<u>171,543</u>	<u>171,543</u>	<u>247,899</u>	<u>76,356</u>
Total other financing sources . . . . .	<u>171,543</u>	<u>171,543</u>	<u>247,899</u>	<u>76,356</u>
Net change in fund balances . . . . .	(194,278)	(194,278)	28,745	223,023
<b>Fund balances at beginning of year . . . .</b>	483,395	483,395	483,395	-
<b>Prior year encumbrances appropriated .</b>	12,921	12,921	12,921	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 302,038</u>	<u>\$ 302,038</u>	<u>\$ 525,061</u>	<u>\$ 223,023</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Operating . . . . .	\$ 7,000	\$ 7,000	\$ -	\$ 7,000
Total expenditures . . . . .	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Net change in fund balances. . . . .	(7,000)	(7,000)	-	7,000
<b>Fund balances at beginning of year. . . .</b>	<u>7,271</u>	<u>7,271</u>	<u>7,271</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 271</u>	<u>\$ 271</u>	<u>\$ 7,271</u>	<u>\$ 7,000</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, 2020

	<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 . . . . .	\$ -	\$ 11	\$ 11	\$ -
Total revenues . . . . .	<u>-</u>	<u>11</u>	<u>11</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Reservoir Enhancement:				
Operating . . . . .	-	920	920	-
Total expenditures . . . . .	<u>-</u>	<u>920</u>	<u>920</u>	<u>-</u>
Net change in fund balances. . . . .	-	(909)	(909)	-
<b>Fund balances at beginning of year. . . .</b>	909	909	909	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 909</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)  
**RIVERSIDE CEMETERY ENHANCEMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 60	\$ 60	\$ 71	\$ 11
Donations . . . . .	-	-	760	760
Total revenues . . . . .	<u>60</u>	<u>60</u>	<u>831</u>	<u>771</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Cemetery Enhancements:				
Operating . . . . .	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total expenditures . . . . .	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Net change in fund balances . . . . .	(3,540)	(3,540)	831	4,371
<b>Fund balances at beginning of year . . . .</b>	<u>4,456</u>	<u>4,456</u>	<u>4,456</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 916</u>	<u>\$ 916</u>	<u>\$ 5,287</u>	<u>\$ 4,371</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, 2020

	<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 . . . . .	\$ 350,000	\$ 350,000	\$ 299,574	\$ (50,426)
Other . . . . .	-	-	2,158	2,158
Total revenues . . . . .	<u>350,000</u>	<u>350,000</u>	<u>301,732</u>	<u>(48,268)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
General Operating:				
Salaries and wages . . . . .	42,350	42,350	42,115	235
Operating. . . . .	<u>178,295</u>	<u>178,295</u>	<u>67,901</u>	<u>110,394</u>
Total general operating . . . . .	<u>220,645</u>	<u>220,645</u>	<u>110,016</u>	<u>110,629</u>
Capital Improvements:				
Operating . . . . .	<u>175,000</u>	<u>175,000</u>	<u>138,007</u>	<u>36,993</u>
Total capital improvements . . . . .	<u>175,000</u>	<u>175,000</u>	<u>138,007</u>	<u>36,993</u>
Total expenditures . . . . .	<u>395,645</u>	<u>395,645</u>	<u>248,023</u>	<u>147,622</u>
Net change in fund balances. . . . .	(45,645)	(45,645)	53,709	99,354
<b>Fund balances at beginning of year. . . .</b>	<u>192,781</u>	<u>192,781</u>	<u>192,781</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 147,136</u>	<u>\$ 147,136</u>	<u>\$ 246,490</u>	<u>\$ 99,354</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, 2020

	<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 . . . . .	\$ 7,000	\$ 9,500	\$ 12,830	\$ 3,330
Total revenues . . . . .	<u>7,000</u>	<u>9,500</u>	<u>12,830</u>	<u>3,330</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Trust Fund:				
Operating . . . . .	11,400	13,900	9,636	4,264
Total expenditures . . . . .	<u>11,400</u>	<u>13,900</u>	<u>9,636</u>	<u>4,264</u>
Net change in fund balances . . . . .	(4,400)	(4,400)	3,194	7,594
<b>Fund balances at beginning of year . . . .</b>	5,226	5,226	5,226	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 826</u>	<u>\$ 826</u>	<u>\$ 8,420</u>	<u>\$ 7,594</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, 2020

	<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:				
General Government:				
Cemetery Perpetual Trust:				
Operating . . . . .	\$ 1,000	\$ 1,061	\$ 1,061	\$ -
Total expenditures . . . . .	<u>1,000</u>	<u>1,061</u>	<u>1,061</u>	<u>-</u>
Net change in fund balances. . . . .	(1,000)	(1,061)	(1,061)	-
<b>Fund balances at beginning of year. . . .</b>	1,061	1,061	1,061	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 61</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)  
**POLICE PENSION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 87,160	\$ 87,160	\$ 84,982	\$ (2,178)
Intergovernmental . . . . .	11,800	11,800	10,622	(1,178)
Total revenues . . . . .	<u>98,960</u>	<u>98,960</u>	<u>95,604</u>	<u>(3,356)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police Pension:				
Salaries and wages . . . . .	421,820	421,820	399,126	22,694
Operating . . . . .	2,000	2,008	2,007	1
Total expenditures . . . . .	<u>423,820</u>	<u>423,828</u>	<u>401,133</u>	<u>22,695</u>
Excess of expenditures over revenues . . .	<u>(324,860)</u>	<u>(324,868)</u>	<u>(305,529)</u>	<u>19,339</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	255,000	255,000	225,000	(30,000)
Total other financing sources . . . . .	<u>255,000</u>	<u>255,000</u>	<u>225,000</u>	<u>(30,000)</u>
Net change in fund balances. . . . .	(69,860)	(69,868)	(80,529)	(10,661)
<b>Fund balances at beginning of year. . . .</b>	102,159	102,159	102,159	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 32,299</u>	<u>\$ 32,291</u>	<u>\$ 21,630</u>	<u>\$ (10,661)</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, 2020

	<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 . . . . .	\$ 87,160	\$ 87,160	\$ 84,981	\$ (2,179)
Intergovernmental . . . . .	11,800	11,800	10,622	(1,178)
Total revenues . . . . .	<u>98,960</u>	<u>98,960</u>	<u>95,603</u>	<u>(3,357)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire Pension:				
Salaries and wages . . . . .	472,000	472,000	436,792	35,208
Operating . . . . .	2,000	2,008	2,007	1
Total expenditures . . . . .	<u>474,000</u>	<u>474,008</u>	<u>438,799</u>	<u>35,209</u>
Excess of expenditures over revenues . . .	<u>(375,040)</u>	<u>(375,048)</u>	<u>(343,196)</u>	<u>31,852</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	410,000	410,000	380,000	(30,000)
Total other financing sources . . . . .	<u>410,000</u>	<u>410,000</u>	<u>380,000</u>	<u>(30,000)</u>
Net change in fund balances. . . . .	34,960	34,952	36,804	1,852
<b>Fund balances at (deficit) beginning of year. .</b>	<u>(2,402)</u>	<u>(2,402)</u>	<u>(2,402)</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 32,558</u>	<u>\$ 32,550</u>	<u>\$ 34,402</u>	<u>\$ 1,852</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, 2020

	<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 . . . . .	\$ 1,500	\$ 1,500	\$ 1,260	\$ (240)
Donations . . . . .	5,000	5,000	5,797	797
Total revenues . . . . .	<u>6,500</u>	<u>6,500</u>	<u>7,057</u>	<u>557</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Operating . . . . .	<u>12,000</u>	<u>12,000</u>	<u>485</u>	<u>11,515</u>
Total expenditures . . . . .	<u>12,000</u>	<u>12,000</u>	<u>485</u>	<u>11,515</u>
Net change in fund balances . . . . .	(5,500)	(5,500)	6,572	12,072
<b>Fund balances at beginning of year . . . .</b>	<u>35,520</u>	<u>35,520</u>	<u>35,520</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 30,020</u>	<u>\$ 30,020</u>	<u>\$ 42,092</u>	<u>\$ 12,072</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	\$ 610	\$ 610	\$ 610	\$ -
Total expenditures . . . . .	<u>610</u>	<u>610</u>	<u>610</u>	<u>-</u>
Net change in fund balance. . . . .	(610)	(610)	(610)	-
<b>Fund balances at beginning of year. . . .</b>	<u>610</u>	<u>610</u>	<u>610</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE AND RESCUE TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 43,000	\$ 43,000	\$ 52,740	\$ 9,740
Donations. . . . .	-	26,890	37,574	10,684
Total revenues . . . . .	<u>43,000</u>	<u>69,890</u>	<u>90,314</u>	<u>20,424</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	<u>22,500</u>	<u>59,390</u>	<u>56,791</u>	<u>2,599</u>
Total expenditures . . . . .	<u>22,500</u>	<u>59,390</u>	<u>56,791</u>	<u>2,599</u>
Net change in fund balances. . . . .	20,500	10,500	33,523	23,023
<b>Fund balances at beginning of year. . . .</b>	26,462	26,462	26,462	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 46,962</u>	<u>\$ 36,962</u>	<u>\$ 59,985</u>	<u>\$ 23,023</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, 2020

	<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 . . . . .	\$ -	\$ 48,337	\$ 48,337	\$ -
Total revenues . . . . .	<u>-</u>	<u>48,337</u>	<u>48,337</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	-	69,027	69,027	-
Total expenditures . . . . .	<u>-</u>	<u>69,027</u>	<u>69,027</u>	<u>-</u>
Net change in fund balances. . . . .	-	(20,690)	(20,690)	-
<b>Fund balances at beginning of year. . . .</b>	20,690	20,690	20,690	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 20,690</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)  
**PARK AND RECREATION TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ -	\$ 80	\$ 80	\$ -
Total expenditures . . . . .	<u>-</u>	<u>80</u>	<u>80</u>	<u>-</u>
Net change in fund balances. . . . .	-	(80)	(80)	-
<b>Fund balances at beginning of year. . . .</b>	80	80	80	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 80</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)  
**PROBATION INCENTIVE GRANT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 63,772	\$ 63,772	\$ 63,772	\$ -
Other . . . . .	-	-	1,673	1,673
Total revenues . . . . .	<u>63,772</u>	<u>63,772</u>	<u>65,445</u>	<u>1,673</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	<u>63,772</u>	<u>63,772</u>	<u>57,718</u>	<u>6,054</u>
Total expenditures . . . . .	<u>63,772</u>	<u>63,772</u>	<u>57,718</u>	<u>6,054</u>
Net change in fund balances. . . . .	-	-	7,727	7,727
<b>Fund balances at beginning of year. . . .</b>	<u>6,663</u>	<u>6,663</u>	<u>6,663</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 6,663</u>	<u>\$ 6,663</u>	<u>\$ 14,390</u>	<u>\$ 7,727</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**LOCAL CORONAVIRUS RELIEF FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ -	\$ 1,262,048	\$ 1,262,048	\$ -
Investment income . . . . .	-	526	526	-
Total revenues . . . . .	<u>-</u>	<u>1,262,574</u>	<u>1,262,574</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Public Health and Welfare:				
Operational Support Grant:				
Salaries and wages . . . . .	-	1,033,200	1,003,200	30,000
Operating . . . . .	-	229,374	229,374	-
Total expenditures . . . . .	<u>-</u>	<u>1,262,574</u>	<u>1,232,574</u>	<u>30,000</u>
Net change in fund balances. . . . .	-	-	30,000	30,000
<b>Fund balances at beginning of year. . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</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, 2020

	<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 . . . . .	\$ -	\$ -	\$ 10,543	\$ 10,543
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>10,543</u>	<u>10,543</u>
<b>Expenditures:</b>				
Current:				
Finance Department:				
Operating . . . . .	-	204	203	1
Total expenditures . . . . .	<u>-</u>	<u>204</u>	<u>203</u>	<u>1</u>
Net change in fund balances. . . . .	-	(204)	10,340	10,544
<b>Fund balances at beginning of year. . . .</b>	5,792	5,792	5,792	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,792</u>	<u>\$ 5,588</u>	<u>\$ 16,132</u>	<u>\$ 10,544</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HEALTH CARE TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<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 . . . . .	\$ 8,200	\$ 8,200	\$ 10,253	\$ 2,053
Other . . . . .	3,592,000	3,592,000	3,318,560	(273,440)
Total revenues . . . . .	<u>3,600,200</u>	<u>3,600,200</u>	<u>3,328,813</u>	<u>(271,387)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Insurance Premiums:				
Personal services . . . . .	3,760,614	3,760,614	3,479,630	280,984
Total expenditures . . . . .	<u>3,760,614</u>	<u>3,760,614</u>	<u>3,479,630</u>	<u>280,984</u>
Net change in fund balances. . . . .	(160,414)	(160,414)	(150,817)	9,597
<b>Fund balances at beginning of year. . . .</b>	453,838	453,838	453,838	-
<b>Prior year encumbrances appropriated . .</b>	7,614	7,614	7,614	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 301,038</u>	<u>\$ 301,038</u>	<u>\$ 310,635</u>	<u>\$ 9,597</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessments . . . . .	\$ 115,280	\$ 115,280	\$ 118,686	\$ 3,406
Total revenues. . . . .	<u>115,280</u>	<u>115,280</u>	<u>118,686</u>	<u>3,406</u>
<b>Expenditures:</b>				
Current:				
General Government:				
County and State Charges:				
Operating . . . . .	5,000	5,000	2,401	2,599
Total county and state charges. . . . .	<u>5,000</u>	<u>5,000</u>	<u>2,401</u>	<u>2,599</u>
Debt Service:				
Principal retirement . . . . .	101,070	101,070	101,070	-
Total debt service . . . . .	<u>101,070</u>	<u>101,070</u>	<u>101,070</u>	<u>-</u>
Total expenditures . . . . .	<u>106,070</u>	<u>106,070</u>	<u>103,471</u>	<u>2,599</u>
Net change in fund balances. . . . .	9,210	9,210	15,215	6,005
<b>Fund balances at beginning of year. . . . .</b>	621,729	621,729	621,729	-
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 630,939</u></u>	<u><u>\$ 630,939</u></u>	<u><u>\$ 636,944</u></u>	<u><u>\$ 6,005</u></u>



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**COMMERCE DRIVE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
Debt Service:				
Principal retirement . . . . .	\$ 112,531	\$ 112,531	\$ 112,530	\$ 1
Interest and fiscal charges . . . . .	51,989	51,989	51,989	-
Total debt service . . . . .	164,520	164,520	164,519	1
Total expenditures . . . . .	164,520	164,520	164,519	1
Excess of expenditures over revenues. . . . .	(164,520)	(164,520)	(164,519)	1
<b>Other financing sources:</b>				
Transfers in . . . . .	164,520	164,520	164,520	-
Total other financing sources. . . . .	164,520	164,520	164,520	-
Net change in fund balances. . . . .	-	-	1	1
<b>Fund balances at beginning of year. . . . .</b>	1	1	1	-
<b>Fund balance at end of year . . . . .</b>	\$ 1	\$ 1	\$ 2	\$ 1

**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, 2020

	<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 . . . . .	\$ 90,000	\$ 90,000	\$ 40,000	\$ (50,000)
Total revenues . . . . .	<u>90,000</u>	<u>90,000</u>	<u>40,000</u>	<u>(50,000)</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement . . . . .	177,000	177,000	177,000	-
Interest and fiscal charges . . . . .	21,193	21,193	21,126	67
Total debt service . . . . .	<u>198,193</u>	<u>198,193</u>	<u>198,126</u>	<u>67</u>
Total expenditures . . . . .	<u>198,193</u>	<u>198,193</u>	<u>198,126</u>	<u>67</u>
Excess of expenditures over revenues . . .	<u>(108,193)</u>	<u>(108,193)</u>	<u>(158,126)</u>	<u>(49,933)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	108,195	108,195	169,200	61,005
Total other financing sources . . . . .	<u>108,195</u>	<u>108,195</u>	<u>169,200</u>	<u>61,005</u>
Net change in fund balance . . . . .	2	2	11,074	11,072
<b>Fund balance at beginning of year . . . .</b>	<u>5,541</u>	<u>5,541</u>	<u>5,541</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,543</u>	<u>\$ 5,543</u>	<u>\$ 16,615</u>	<u>\$ 11,072</u>

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**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 funds:

**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.

**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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 6,528,222	\$ 7,405,000	\$ 7,083,840	\$ (321,160)
Other . . . . .	71,409	81,000	73,688	(7,312)
Total operating revenues . . . . .	6,599,631	7,486,000	7,157,528	(328,472)
<b>Operating expenses:</b>				
Personal services . . . . .	1,613,547	1,792,173	1,689,227	102,946
Contract services . . . . .	576,491	640,311	603,531	36,781
Materials and supplies . . . . .	252,547	280,505	264,392	16,113
Administrative costs . . . . .	48,088	53,411	50,343	3,068
Utilities . . . . .	345,009	383,203	361,191	22,012
Capital outlay . . . . .	5,185,241	5,759,267	5,428,441	330,826
Total operating expenses . . . . .	8,020,923	8,908,870	8,397,125	511,746
Operating loss . . . . .	(1,421,292)	(1,422,870)	(1,239,597)	183,274
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	76,478	86,750	74,623	(12,127)
Intergovernmental . . . . .	-	-	37,500	37,500
Sale of capital assets . . . . .	-	-	10,364	10,364
Bonds issued . . . . .	1,167,062	1,323,805	1,323,805	-
Issuance of loans . . . . .	1,544,298	1,751,706	3,401,767	1,650,061
Debt service:				
Principal retirement . . . . .	(3,699,587)	(4,109,145)	(3,873,107)	236,038
Interest and fiscal charges . . . . .	(635,218)	(705,539)	(665,011)	40,528
Total nonoperating revenues (expenses) . . . . .	(1,546,967)	(1,652,423)	309,941	1,962,364
Loss before capital contributions and transfers . . . . .	(2,968,259)	(3,075,293)	(929,656)	2,145,638
Capital contributions . . . . .	-	-	16,787	16,787
Transfers in . . . . .	469,177	532,190	532,190	-
Transfers out . . . . .	(925,874)	(1,028,372)	(969,300)	59,072
Net change in fund equity . . . . .	(3,424,956)	(3,571,475)	(1,349,979)	2,221,497
<b>Fund equity at beginning of year . . . . .</b>	1,186,032	1,186,032	1,186,032	-
<b>Prior year encumbrances appropriated . . .</b>	3,389,310	3,389,310	3,389,310	-
<b>Fund equity at end of year . . . . .</b>	\$ 1,150,386	\$ 1,003,867	\$ 3,225,363	\$ 2,221,497

**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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 4,829,095	\$ 6,410,000	\$ 6,382,873	\$ (27,127)
Tap-in fees . . . . .	15,067	20,000	24,976	4,976
Other. . . . .	61,776	82,000	63,511	(18,490)
Total operating revenues. . . . .	4,905,938	6,512,000	6,471,360	(40,641)
<b>Operating expenses:</b>				
Personal services. . . . .	1,400,803	1,854,716	1,738,921	115,795
Contract services. . . . .	662,528	877,212	822,446	54,766
Materials and supplies . . . . .	733,085	970,633	910,034	60,599
Administrative costs . . . . .	8,938	11,834	11,095	739
Utilities . . . . .	299,337	396,334	371,590	24,744
Capital outlay . . . . .	1,842,863	2,440,017	2,287,684	152,333
Other. . . . .	1,245	1,649	1,546	103
Total operating expenses. . . . .	4,948,799	6,552,395	6,143,316	409,079
Operating income (loss) . . . . .	(42,861)	(40,395)	328,044	368,439
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	26,368	35,000	44,160	9,160
Bonds issued. . . . .	1,696,622	2,252,047	2,252,047	-
Sale of capital assets. . . . .	-	-	18,535	18,535
Debt service:				
Principal retirement. . . . .	(2,227,220)	(2,948,923)	(2,764,816)	184,107
Interest and fiscal charges. . . . .	(235,915)	(312,360)	(292,859)	19,501
Total nonoperating revenues (expenses). . . . .	(740,145)	(974,236)	(742,933)	231,303
Loss before transfers. . . . .	(783,006)	(1,014,631)	(414,890)	599,742
Transfers in . . . . .	250,262	332,190	332,190	-
Transfers out. . . . .	(587,977)	(778,504)	(729,900)	48,604
Net change in fund equity . . . . .	(1,120,721)	(1,460,945)	(812,600)	648,346
<b>Fund equity at beginning of year. . . . .</b>	1,718,228	1,718,228	1,718,228	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,218,238	1,218,238	1,218,238	-
<b>Fund equity at end of year . . . . .</b>	\$ 1,815,745	\$ 1,475,521	\$ 2,123,866	\$ 648,346

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2020

	<b>Refuse</b>	<b>Utility Deposit</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 167,908	\$ -	\$ 167,908
Receivables (net of allowance for uncollectibles):			
Accounts . . . . .	108,394	-	108,394
Total current assets. . . . .	276,302	-	276,302
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents. . .	-	434,111	434,111
Cash in segregated accounts . . . . .	76,835	-	76,835
Total noncurrent assets . . . . .	76,835	434,111	510,946
Total assets . . . . .	353,137	434,111	787,248
<b>Liabilities:</b>			
Accounts payable . . . . .	80,243	-	80,243
Current liabilities:			
Payable from restricted assets:			
Refundable deposits . . . . .	-	434,111	434,111
Total liabilities . . . . .	80,243	434,111	514,354
<b>Net position:</b>			
Unrestricted . . . . .	272,894	-	272,894
Total net position . . . . .	\$ 272,894	\$ -	\$ 272,894

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Refuse</b>	<b>Utility Deposit</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 1,130,337	\$ -	\$ 1,130,337
Total operating revenues . . . . .	1,130,337	-	1,130,337
<b>Operating expenses:</b>			
Utilities . . . . .	1,048,600	-	1,048,600
Total operating expenses . . . . .	1,048,600	-	1,048,600
Change in net position. . . . .	81,737	-	81,737
<b>Net position at beginning of year. . . . .</b>	191,157	-	191,157
<b>Net position at end of year . . . . .</b>	\$ 272,894	\$ -	\$ 272,894



**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Refuse</b>	<b>Utility Deposit</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from charges for services. . . . .	\$ 1,021,943	\$ 54,650	\$ 1,076,593
Cash payments for utilities. . . . .	(1,017,675)	(24,525)	(1,042,200)
Net cash provided by operating activities . . . . .	4,268	30,125	34,393
Net change in cash and cash equivalents . . . . .	4,268	30,125	34,393
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>240,475</b>	<b>403,986</b>	<b>644,461</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 244,743</b>	<b>\$ 434,111</b>	<b>\$ 678,854</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income. . . . .	\$ 81,737	\$ -	\$ 81,737
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Change in accounts receivable . . . . .	(108,394)	-	(108,394)
Change in accounts payable. . . . .	30,925	-	30,925
Change in utility deposits payable . . . . .	-	30,125	30,125
Net cash provided by operating activities . . . . .	\$ 4,268	\$ 30,125	\$ 34,393

**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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 1,073,000	\$ 1,073,000	\$ 1,021,943	\$ (51,057)
Total operating revenues . . . . .	1,073,000	1,073,000	1,021,943	(51,057)
<b>Operating expenses:</b>				
Utilities . . . . .	1,008,620	1,008,620	953,892	54,728
Total operating expenses . . . . .	1,008,620	1,008,620	953,892	54,728
Income before transfers. . . . .	64,380	64,380	68,051	3,671
Transfers out	(64,380)	(64,380)	(64,380)	-
Net change in fund equity . . . . .	-	-	3,671	3,671
<b>Fund equity at beginning of year. . . . .</b>	164,237	164,237	164,237	-
<b>Fund equity at end of year . . . . .</b>	\$ 164,237	\$ 164,237	\$ 167,908	\$ 3,671

**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, 2020

	<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 . . . . .	\$ 65,000	\$ 65,000	\$ 54,650	\$ (10,350)
Total operating revenues . . . . .	<u>65,000</u>	<u>65,000</u>	<u>54,650</u>	<u>(10,350)</u>
<b>Operating expenses:</b>				
Utilities . . . . .	<u>65,000</u>	<u>65,000</u>	<u>24,525</u>	<u>40,475</u>
Total operating expenses . . . . .	<u>65,000</u>	<u>65,000</u>	<u>24,525</u>	<u>40,475</u>
Net change in fund equity . . . . .	-	-	30,125	30,125
<b>Fund equity at beginning of year . . . . .</b>	<u>403,986</u>	<u>403,986</u>	<u>403,986</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 403,986</u>	<u>\$ 403,986</u>	<u>\$ 434,111</u>	<u>\$ 30,125</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 a custodial fund.

**CUSTODIAL FUND**

Custodial 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 custodial 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.

# 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>194-203</b>
Schedules 5-6 reflect revenue capacity and help the reader assess the City's most significant local revenue source, the income tax.	<b>204-207</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>208-217</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>218-219</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>220-225</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 26,012,948	\$ 22,525,710	\$ 20,731,337	\$ 17,918,840
Restricted for:				
Capital projects	1,013,383	5,541	16,045	230,490
Debt service	766,012	724,312	727,762	715,831
Transportation projects	260,362	234,083	209,713	307,179
Safety projects	367,872	281,348	318,949	374,231
Special projects	478,583	509,327	472,256	428,765
Community environment projects	34,824	43,751	41,132	61,637
Economic development projects	1,356,350	1,396,153	1,461,066	1,469,015
Health projects	5,287	5,517	4,702	3,919
Museum trust	663,389	592,939	510,001	386,049
Other purposes	494,603	438,440	400,524	384,394
Unrestricted (deficit)	<u>(12,897,102)</u>	<u>(12,137,396)</u>	<u>(17,439,157)</u>	<u>(12,862,265)</u>
Total governmental activities	<u>18,556,511</u>	<u>14,619,725</u>	<u>7,454,330</u>	<u>9,418,085</u>
<b>Business-type activities:</b>				
Net investment in capital assets	44,812,994	41,221,061	37,714,003	35,185,014
Unrestricted	<u>1,597,298</u>	<u>2,553,073</u>	<u>4,054,501</u>	<u>4,915,912</u>
Total business-type activities	<u>46,410,292</u>	<u>43,774,134</u>	<u>41,768,504</u>	<u>40,100,926</u>
<b>Total primary government:</b>				
Net investment in capital assets	70,825,942	63,746,771	58,445,340	53,103,854
Restricted	5,440,665	4,231,411	4,162,150	4,361,510
Unrestricted	<u>(11,299,804)</u>	<u>(9,584,323)</u>	<u>(13,384,656)</u>	<u>(7,946,353)</u>
Total primary government	<u>\$ 64,966,803</u>	<u>\$ 58,393,859</u>	<u>\$ 49,222,834</u>	<u>\$ 49,519,011</u>



	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$	16,547,338	\$ 14,972,611	\$ 14,422,564	\$ 14,481,473	\$ 14,851,497	\$ 14,739,970
	178,127	-	48,399	-	7,844	7,820
	722,733	720,585	714,360	683,737	844,314	1,085,623
	427,612	804,151	892,276	712,739	581,289	497,741
	455,825	527,162	506,120	553,081	498,201	618,436
	378,716	344,976	315,471	292,143	263,351	234,068
	41,220	54,699	16,832	19,132	47,820	4,804
	1,774,767	1,943,972	2,214,522	2,134,556	2,114,679	1,909,300
	3,161	1,422	526	3,094	6,684	5,861
	332,600	-	-	-	-	-
	297,697	423,454	261,533	250,264	156,255	247,085
	(3,140,465)	(2,901,972)	(4,364,958)	3,354,535	2,850,904	4,013,245
	<u>18,019,331</u>	<u>16,891,060</u>	<u>15,027,645</u>	<u>22,484,754</u>	<u>22,222,838</u>	<u>23,363,953</u>
	32,132,408	28,739,028	26,579,042	21,292,299	21,768,542	18,422,430
	7,059,023	7,495,520	6,746,040	8,057,987	4,474,787	5,003,212
	<u>39,191,431</u>	<u>36,234,548</u>	<u>33,325,082</u>	<u>29,350,286</u>	<u>26,243,329</u>	<u>23,425,642</u>
	48,679,746	43,711,639	41,001,606	35,773,772	36,620,039	33,162,400
	4,612,458	4,820,421	4,970,039	4,648,746	4,520,437	4,610,738
	3,918,558	4,593,548	2,381,082	11,412,522	7,325,691	9,016,457
\$	<u><u>57,210,762</u></u>	<u><u>53,125,608</u></u>	<u><u>48,352,727</u></u>	<u><u>51,835,040</u></u>	<u><u>48,466,167</u></u>	<u><u>46,789,595</u></u>

**CITY OF DEFIANCE, OHIO**  
**SCHEDULE 2**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services and sales:				
General government	\$ 613,679	\$ 639,330	\$ 645,560	\$ 637,646
Security of persons and property	1,171,351	1,275,018	1,242,279	1,093,831
Public health and welfare	83,646	71,663	63,167	69,450
Community environment	93,248	146,803	94,890	113,649
Leisure time activity	2,000	30,482	26,432	32,492
Economic development	-	96,670	127,841	118,907
Operating grants and contributions	3,238,068	1,762,295	1,437,649	1,340,732
Capital grants and contributions	2,019,938	1,065,338	936,029	793,763
Total governmental activities	<u>7,221,930</u>	<u>5,087,599</u>	<u>4,573,847</u>	<u>4,200,470</u>
Business-type activities:				
Charges for services and sales:				
Sewer	7,108,089	7,412,701	7,289,055	7,274,344
Water	6,440,487	5,826,201	5,587,145	5,559,843
Refuse	1,130,337	934,540	983,244	964,424
Capital grants and contributions	27,083	187,930	166,875	505,586
Total business-type activities	<u>14,705,996</u>	<u>14,361,372</u>	<u>14,026,319</u>	<u>14,304,197</u>
Total primary government	<u>\$ 21,927,926</u>	<u>\$ 19,448,971</u>	<u>\$ 18,600,166</u>	<u>\$ 18,504,667</u>
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 3,804,175	\$ 4,271,614	\$ 3,816,649	\$ 3,644,171
Security of persons and property	8,462,178	1,838,646	8,250,948	7,320,631
Public health and welfare	395,628	463,193	408,324	361,793
Transportation	2,158,810	2,186,816	2,166,138	1,977,817
Community environment	746,462	981,167	881,242	791,726
Leisure time activity	616,210	863,666	869,990	787,699
Economic development	327,664	145,816	2,225,249	363,603
Utility services	-	-	-	-
Interest and fiscal charges	228,526	200,761	169,254	117,760
Total governmental activities	<u>16,739,653</u>	<u>10,951,679</u>	<u>18,787,794</u>	<u>15,365,200</u>
Business-type activities:				
Sewer	5,757,708	6,012,562	5,839,400	5,783,646
Water	5,481,227	5,560,402	5,410,444	5,440,424
Refuse	1,048,600	990,111	1,291,284	938,888
Total business-type activities	<u>12,287,535</u>	<u>12,563,075</u>	<u>12,541,128</u>	<u>12,162,958</u>
Total primary government	<u>\$ 29,027,188</u>	<u>\$ 23,514,754</u>	<u>\$ 31,328,922</u>	<u>\$ 27,528,158</u>
<b>Net (expense) revenue:</b>				
Governmental activities	\$ (9,517,723)	\$ (5,864,080)	\$ (14,213,947)	\$ (11,164,730)
Business-type activities	2,418,461	1,798,297	1,485,191	2,141,239
Total primary government	<u>\$ (7,099,262)</u>	<u>\$ (4,065,783)</u>	<u>\$ (12,728,756)</u>	<u>\$ (9,023,491)</u>

	2016	2015	2014	2013	2012	2011
\$	596,553	\$ 586,116	\$ 442,820	\$ 552,784	\$ 391,824	\$ 367,422
	1,076,534	1,171,564	1,060,229	1,198,534	1,130,824	1,191,219
	85,339	66,674	105,452	69,403	68,467	68,689
	104,629	90,988	98,521	75,598	109,874	73,168
	32,632	22,450	15,065	16,729	25,780	23,133
	116,665	110,454	128,563	20,567	21,715	573
	1,413,213	1,863,760	1,613,806	1,420,889	1,752,458	1,863,347
	2,561,591	677,251	475,707	982,639	489,168	1,056,917
	5,987,156	4,589,257	3,940,163	4,337,143	3,990,110	4,644,468
	7,033,171	7,036,691	6,842,532	6,252,710	6,388,276	6,113,369
	5,919,633	5,931,419	5,800,439	5,900,065	6,031,392	5,415,327
	952,016	945,507	907,542	885,936	876,007	819,619
	287,275	239,844	414,190	158,860	-	-
	14,192,095	14,153,461	13,964,703	13,197,571	13,295,675	12,348,315
\$	20,179,251	\$ 18,742,718	\$ 17,904,866	\$ 17,534,714	\$ 17,285,785	\$ 16,992,783
\$	3,585,624	\$ 3,641,100	\$ 2,943,207	\$ 3,154,896	\$ 3,065,260	\$ 2,817,789
	7,462,722	6,405,325	5,490,081	5,516,843	5,725,571	5,429,001
	413,763	333,559	283,541	259,593	237,991	244,943
	2,875,847	1,785,648	1,726,774	2,070,218	2,257,425	1,746,391
	586,442	424,611	422,575	464,158	600,805	475,458
	878,295	722,802	647,226	777,604	820,217	650,516
	283,231	662,026	458,031	681,350	888,011	903,603
	-	-	-	-	-	5,335
	118,987	119,328	118,383	121,774	124,912	83,200
	16,204,911	14,094,399	12,089,818	13,046,436	13,720,192	12,356,236
	5,358,623	5,386,271	4,955,025	4,769,476	5,313,868	4,691,866
	5,033,472	4,920,630	4,448,309	5,068,496	4,746,280	4,406,534
	1,038,273	1,011,149	973,524	787,148	828,551	785,210
	11,430,368	11,318,050	10,376,858	10,625,120	10,888,699	9,883,610
\$	27,635,279	\$ 25,412,449	\$ 22,466,676	\$ 23,671,556	\$ 24,608,891	\$ 22,239,846
\$	(10,217,755)	\$ (9,505,142)	\$ (8,149,655)	\$ (8,709,293)	\$ (9,730,082)	\$ (7,711,768)
	2,761,727	2,835,411	3,587,845	2,572,451	2,406,976	2,464,705
\$	(7,456,028)	\$ (6,669,731)	\$ (4,561,810)	\$ (6,136,842)	\$ (7,323,106)	\$ (5,247,063)

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**CITY OF DEFIANCE, OHIO**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>General revenues and other changes in net position:</b>				
Governmental activities:				
Income taxes levied for:				
General purposes	\$ 7,110,922	\$ 7,159,892	\$ 6,949,666	\$ 6,871,036
Special purposes	1,787,636	1,851,209	1,776,295	1,758,540
Capital purposes	1,683,991	1,820,629	1,746,952	1,729,490
Property taxes levied for:				
General purposes	589,906	611,307	577,777	560,928
Special purposes	453,367	539,819	550,250	540,131
Grants and entitlements not restricted to specific programs	347,125	314,117	277,998	256,159
Investment earnings	123,741	163,562	136,595	109,024
Payments in lieu of taxes	-	-	-	-
Change in fair value of investments	314,194	249,100	(76,555)	(8,649)
Miscellaneous	1,028,138	304,351	148,069	204,560
Transfers	15,489	15,489	(15,718)	(48,876)
Total governmental activities	<u>13,454,509</u>	<u>13,029,475</u>	<u>12,071,329</u>	<u>11,972,343</u>
Business-type activities:				
Investment earnings	96,399	152,184	136,321	106,219
Miscellaneous	136,787	70,638	26,237	71,863
Transfers	(15,489)	(15,489)	15,718	48,876
Special items	-	-	-	-
Total business-type activities	<u>217,697</u>	<u>207,333</u>	<u>178,276</u>	<u>226,958</u>
Total primary government	<u>\$ 13,672,206</u>	<u>\$ 13,236,808</u>	<u>\$ 12,249,605</u>	<u>\$ 12,199,301</u>
 <b>Change in net position:</b>				
Governmental activities	\$ 3,936,786	\$ 7,165,395	\$ (2,142,618)	\$ 807,613
Business-type activities	2,636,158	2,005,630	1,663,467	2,368,197
Total primary government	<u>\$ 6,572,944</u>	<u>\$ 9,171,025</u>	<u>\$ (479,151)</u>	<u>\$ 3,175,810</u>

	2016	2015	2014	2013	2012	2011
\$	6,527,709	\$ 6,481,829	\$ 6,015,181	\$ 5,760,134	\$ 5,540,859	\$ 5,209,705
	1,658,961	1,642,395	1,495,912	24,562	23,028	21,871
	1,631,555	1,628,533	1,521,532	1,411,401	1,381,685	1,312,258
	603,781	593,210	620,421	550,030	523,667	521,650
	520,946	487,238	439,290	412,283	403,551	365,707
	276,974	249,294	387,599	524,815	768,909	1,096,255
	65,862	38,491	5,153	32,216	25,118	19,885
	-	-	-	67,034	66,732	82,256
	10,967	(17,150)	-	-	-	-
	142,151	258,453	431,790	247,289	201,507	101,646
	(92,880)	6,264	(1,737,268)	(58,555)	(346,089)	(50,409)
	<u>11,346,026</u>	<u>11,368,557</u>	<u>9,179,610</u>	<u>8,971,209</u>	<u>8,588,967</u>	<u>8,680,824</u>
	74,504	43,082	37,063	30,295	19,942	14,382
	27,772	37,237	63,592	107,946	44,680	263,944
	92,880	(6,264)	1,737,268	58,555	346,089	50,409
	-	-	-	337,710	-	-
	<u>195,156</u>	<u>74,055</u>	<u>1,837,923</u>	<u>534,506</u>	<u>410,711</u>	<u>328,735</u>
\$	<u>11,541,182</u>	<u>11,442,612</u>	<u>11,017,533</u>	<u>9,505,715</u>	<u>8,999,678</u>	<u>9,009,559</u>
\$	1,128,271	\$ 1,863,415	\$ 1,029,955	\$ 261,916	\$ (1,141,115)	\$ 969,056
	2,956,883	2,909,466	5,425,768	3,106,957	2,817,687	2,793,440
\$	<u>4,085,154</u>	<u>4,772,881</u>	<u>6,455,723</u>	<u>3,368,873</u>	<u>1,676,572</u>	<u>3,762,496</u>

**CITY OF DEFIANCE, OHIO**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>General fund:</b>				
Nonspendable	\$ 16,132	\$ 5,792	\$ 5,748	\$ 3,785
Committed	-	-	-	-
Assigned	935,795	691,268	1,420,441	325,076
Unassigned	<u>4,713,906</u>	<u>3,785,296</u>	<u>3,297,366</u>	<u>4,059,005</u>
Total general fund	<u>5,665,833</u>	<u>4,482,356</u>	<u>4,723,555</u>	<u>4,387,866</u>
<b>All other governmental funds:</b>				
Nonspendable	57,094	57,094	33,990	25,796
Restricted	5,579,091	4,883,331	4,641,501	4,508,700
Committed	2,151,492	1,180,411	479,067	1,080,278
Assigned	2	1	-	-
Unassigned (deficit)	<u>-</u>	<u>(2,402)</u>	<u>-</u>	<u>(105,436)</u>
Total all other governmental funds	<u>7,787,679</u>	<u>6,118,435</u>	<u>5,154,558</u>	<u>5,509,338</u>
Total governmental funds	<u>\$ 13,453,512</u>	<u>\$ 10,600,791</u>	<u>\$ 9,878,113</u>	<u>\$ 9,897,204</u>

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 3,677	\$ 3,488	\$ 1,414	\$ 93	\$ 93	\$ 87
-	-	-	-	8,165	-
351,793	61,305	81,324	200,750	535,956	364,029
<u>3,505,898</u>	<u>3,176,273</u>	<u>2,538,419</u>	<u>1,638,857</u>	<u>1,050,874</u>	<u>1,255,774</u>
<u>3,861,368</u>	<u>3,241,066</u>	<u>2,621,157</u>	<u>1,839,700</u>	<u>1,595,088</u>	<u>1,619,890</u>
45,395	62,290	47,100	33,615	37,124	23,882
4,865,781	5,080,218	4,651,756	4,372,647	4,223,607	4,345,580
535,260	1,200,258	867,404	1,212,727	1,037,169	2,073,285
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(90,666)</u>	<u>(498,051)</u>	<u>-</u>	<u>-</u>
<u>5,446,436</u>	<u>6,342,766</u>	<u>5,475,594</u>	<u>5,120,938</u>	<u>5,297,900</u>	<u>6,442,747</u>
<u>\$ 9,307,804</u>	<u>\$ 9,583,832</u>	<u>\$ 8,096,751</u>	<u>\$ 6,960,638</u>	<u>\$ 6,892,988</u>	<u>\$ 8,062,637</u>

**CITY OF DEFIANCE, OHIO**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>				
Income taxes	\$ 10,339,096	\$ 10,895,274	\$ 10,449,350	\$ 10,525,260
Property and other local taxes	1,043,729	1,142,991	1,145,427	1,108,298
Payments in lieu of taxes	-	-	-	-
Charges for services	756,636	710,456	690,802	654,361
Licenses, permits and fees	293,411	367,730	322,344	303,024
Fines and forfeitures	483,831	717,982	755,519	830,344
Intergovernmental	5,614,129	3,222,914	2,488,778	2,324,995
Special assessments	118,686	124,530	115,280	138,504
Investment income	154,474	200,368	171,684	137,310
Donations	185,647	165,250	299,308	160,970
Change in fair value of investments	314,194	249,100	(76,555)	(8,649)
Other	1,019,693	345,641	453,559	232,926
Total revenues	<u>20,323,526</u>	<u>18,142,236</u>	<u>16,815,496</u>	<u>16,407,343</u>
<b>Expenditures:</b>				
Current:				
General government	3,672,888	3,406,703	3,298,065	3,186,798
Security of persons and property	7,366,041	7,700,894	6,867,820	6,498,441
Public health and welfare	515,077	313,033	310,489	275,466
Transportation	1,099,409	973,132	1,044,641	1,065,310
Community environment	621,839	711,550	733,652	639,132
Leisure time activity	562,927	703,338	656,339	624,519
Economic development	327,664	145,816	2,225,249	562,262
Capital outlay	3,967,576	2,772,141	5,000,472	2,514,477
Debt service:				
Principal retirement	719,898	712,564	326,312	320,558
Interest and fiscal charges	151,465	201,058	124,779	129,861
Bond issuance costs	86,815	-	13,000	-
Total expenditures	<u>19,091,599</u>	<u>17,640,229</u>	<u>20,600,818</u>	<u>15,816,824</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,231,927</u>	<u>502,007</u>	<u>(3,785,322)</u>	<u>590,519</u>
<b>Other financing sources (uses):</b>				
Payment to refunded bond escrow agent	(2,546,709)	-	-	-
Premium on notes issued	-	-	-	9,616
Bond issuance	3,565,000	-	3,363,000	-
Premium on bond issuance	81,458	-	-	-
Capital lease transaction	320,345	196,924	-	-
Transfers in	4,754,209	5,743,508	5,543,926	4,748,928
Transfers (out)	(4,738,720)	(5,728,019)	(5,528,437)	(4,777,509)
Issuance of loans	-	-	-	-
Sale of capital assets	185,211	8,258	116,961	17,846
Total other financing sources (uses)	<u>1,620,794</u>	<u>220,671</u>	<u>3,495,450</u>	<u>(1,119)</u>
Net change in fund balances	<u>\$ 2,852,721</u>	<u>\$ 722,678</u>	<u>\$ (289,872)</u>	<u>\$ 589,400</u>
Capital expenditures	\$ 5,444,187	\$ 2,819,516	\$ 4,809,994	\$ 2,749,728
Debt service as a percentage of noncapital expenditures	6.38%	6.16%	2.86%	3.45%



	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$	9,819,596	\$ 9,731,224	\$ 9,059,983	\$ 6,859,653	\$ 6,934,078	\$ 6,645,815
	1,115,263	1,093,043	1,031,890	967,412	937,902	907,400
	-	-	-	67,034	66,732	82,256
	682,231	752,932	677,255	752,837	671,448	664,054
	264,417	288,432	303,813	369,843	259,187	280,571
	745,139	736,546	741,019	790,492	796,536	795,442
	3,933,444	2,782,356	2,346,937	2,846,068	2,943,779	3,932,905
	119,791	122,734	34,246	36,196	40,992	41,695
	102,619	87,084	57,564	85,328	88,827	78,555
	415,498	123,066	52,343	7,553	6,480	40,284
	10,967	(17,150)	-	-	-	-
	153,871	285,692	429,910	245,989	198,445	99,346
	<u>17,362,836</u>	<u>15,985,959</u>	<u>14,734,960</u>	<u>13,028,405</u>	<u>12,944,406</u>	<u>13,568,323</u>
	3,091,634	3,400,259	2,845,060	2,740,480	2,624,218	2,729,651
	6,387,578	6,007,907	5,505,787	5,179,234	5,223,915	5,162,340
	291,343	282,332	252,955	224,443	207,560	215,876
	1,401,327	933,455	873,971	845,468	1,003,738	1,090,575
	483,181	385,516	407,403	426,724	506,585	527,416
	650,598	615,564	557,923	552,903	595,366	543,357
	386,731	662,026	492,102	681,350	888,011	903,603
	4,516,353	1,795,440	2,551,370	3,101,258	3,775,372	1,721,528
	319,823	318,923	331,625	184,686	164,543	106,308
	121,399	121,741	120,850	124,250	147,398	52,821
	-	-	-	-	-	75,000
	<u>17,649,967</u>	<u>14,523,163</u>	<u>13,939,046</u>	<u>14,060,796</u>	<u>15,136,706</u>	<u>13,128,475</u>
	(287,131)	1,462,796	795,914	(1,032,391)	(2,192,300)	439,848
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	4,075,000
	-	-	-	-	-	42,588
	-	-	196,890	-	-	-
	4,264,652	4,260,305	4,200,300	380,000	410,000	1,459,967
	(4,258,724)	(4,254,041)	(4,167,713)	(388,085)	(499,681)	(1,467,197)
	-	-	110,722	1,108,126	1,112,332	-
	5,175	18,021	-	-	-	-
	<u>11,103</u>	<u>24,285</u>	<u>340,199</u>	<u>1,100,041</u>	<u>1,022,651</u>	<u>4,110,358</u>
\$	<u>(276,028)</u>	<u>1,487,081</u>	<u>1,136,113</u>	<u>67,650</u>	<u>(1,169,649)</u>	<u>4,550,206</u>
\$	3,387,670	\$ 1,705,584	\$ 1,314,436	\$ 1,957,981	\$ 2,299,108	\$ 1,781,679
	3.09%	3.44%	3.58%	2.55%	2.43%	1.40%

**CITY OF DEFIANCE, OHIO**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Income tax rate</b>	1.80%	1.80%	1.80%	1.80%
<b>Income tax receipts:</b>				
Employee withholding	\$ 8,158,736	\$ 8,101,466	\$ 7,936,162	\$ 7,651,716
% of total	77.6%	74.3%	76.8%	73.9%
Corporate	1,325,483	1,758,665	1,411,990	1,693,685
% of total	12.6%	16.1%	13.7%	16.4%
Individuals	1,031,047	1,038,572	979,305	1,004,008
% of total	9.8%	9.5%	9.5%	9.7%
<b>Total income tax receipts</b>	<u>\$ 10,515,266</u>	<u>\$ 10,898,703</u>	<u>\$ 10,327,457</u>	<u>\$ 10,349,409</u>

**Source:** City of Defiance Income Tax

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	1.80%	1.80%	1.80%	1.50%	1.50%	1.50%
\$	7,264,772	\$ 6,966,593	\$ 6,515,630	\$ 5,425,774	\$ 5,792,726	\$ 5,533,044
	73.0%	72.6%	73.2%	79.8%	83.2%	82.6%
	1,470,360	1,561,195	1,417,159	706,863	744,150	701,004
	14.8%	16.3%	15.9%	10.4%	10.7%	10.5%
	1,223,337	1,072,016	962,614	668,325	427,740	461,777
	12.3%	11.2%	10.8%	9.8%	6.1%	6.9%
	<u>\$ 9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>	<u>\$ 6,800,962</u>	<u>\$ 6,964,616</u>	<u>\$ 6,695,825</u>

**CITY OF DEFIANCE, OHIO**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</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%	0.3%
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>1.80%</u>
<b>Allocation of Receipts:</b>				
General fund	\$ 6,980,033	\$ 7,234,559	\$ 6,855,366	\$ 6,869,938
% of total	66.85%	66.38%	66.38%	66.38%
Police and fire fund	1,752,895	1,816,814	1,721,587	1,725,247
% of total	16.79%	16.67%	16.67%	16.67%
Capital improvements fund	1,678,781	1,816,814	1,721,587	1,725,246
% of total	16.08%	16.67%	16.67%	16.67%
SCMR fund (street maintenance)	29,443	30,561	28,917	28,978
% of total	0.28%	0.28%	0.28%	0.28%
Total income tax allocated	<u>\$ 10,441,152</u>	<u>\$ 10,898,748</u>	<u>\$ 10,327,457</u>	<u>\$ 10,349,409</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>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	1.195%	1.195%	1.195%	1.195%	1.195%	1.195%
	0.3%	0.3%	0.3%	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%
	1.80%	1.80%	1.80%	1.50%	1.50%	1.50%
\$	6,610,431	\$ 6,381,313	\$ 6,110,345	\$ 5,417,017	\$ 5,548,478	\$ 5,334,329
	66.38%	66.47%	68.69%	79.65%	79.67%	79.67%
	1,660,077	1,589,045	1,225,003	-	-	-
	16.67%	16.55%	13.77%	0.00%	0.00%	0.00%
	1,660,077	1,602,533	1,534,374	1,360,193	1,392,923	1,339,176
	16.67%	16.69%	17.25%	20.00%	20.00%	20.00%
	27,884	26,913	25,681	23,752	23,215	22,320
	0.28%	0.28%	0.29%	0.35%	0.33%	0.33%
\$	<u>9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>	<u>\$ 6,800,962</u>	<u>\$ 6,964,616</u>	<u>\$ 6,695,825</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 7  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Governmental activities:</b>				
General obligation bonds payable <sup>4</sup>	\$ 4,492,196	\$ 3,832,065	\$ 4,270,189	\$ 3,089,313
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,777,952	1,890,482	2,000,000	-
OWDA loans payable	1,515,267	1,631,826	1,748,385	1,864,944
Capital lease obligations	481,460	196,924	50,487	80,240
<b>Business-type activities:</b>				
General obligation bonds payable <sup>4</sup>	8,892,765	9,807,326	8,240,123	6,270,992
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	28,470,646	27,249,919	28,006,203	27,048,372
OPWC loans payable	2,164,916	2,164,916	2,299,029	2,452,740
Total primary government	<u>\$ 47,795,202</u>	<u>\$ 46,773,458</u>	<u>\$ 46,614,416</u>	<u>\$ 40,806,601</u>
<b>Debt per capita:</b>				
City population <sup>1</sup>	16,990	16,634	16,653	16,705
Outstanding debt per capita	\$ 2,813	\$ 2,812	\$ 2,799	\$ 2,443
<b>Debt as percentage of personal income:</b>				
Personal income <sup>2</sup>	\$ 713,630,970	\$ 692,181,020	\$ 691,765,620	\$ 659,212,710
Percentage of personal income	6.70%	6.76%	6.74%	6.19%
<b>Business-type debt per customer:</b>				
Number of customers <sup>3</sup>	6,650	6,615	6,611	6,593
Outstanding debt per customer	\$ 5,944	\$ 5,929	\$ 5,830	\$ 5,426

**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>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$	3,266,437	\$ 3,443,561	\$ 3,620,685	\$ 3,792,809	\$ 3,964,933	\$ 4,117,057
	-	-	-	13,043	27,729	42,272
	-	-	-	-	-	-
	1,981,503	2,098,062	2,214,437	2,220,458	1,112,332	-
	109,239	137,503	165,051	-	-	-
	7,429,523	5,743,854	6,477,095	7,175,337	7,848,578	8,486,820
	44,070	53,631	62,672	71,222	79,307	86,952
	-	2,704,000	3,139,000	3,574,000	2,986,000	3,493,000
	28,469,070	30,198,958	31,533,115	32,532,365	31,610,089	32,816,389
	1,523,808	155,661	217,232	289,420	371,573	451,992
	<u>\$ 42,823,650</u>	<u>\$ 44,535,230</u>	<u>\$ 47,429,287</u>	<u>\$ 49,668,654</u>	<u>\$ 48,000,541</u>	<u>\$ 49,494,482</u>
	16,671	16,763	16,862	16,926	17,044	17,152
\$	2,569	\$ 2,657	\$ 2,813	\$ 2,934	\$ 2,816	\$ 2,886
\$	645,567,804	\$ 626,567,414	\$ 629,121,220	\$ 616,614,180	\$ 585,461,400	\$ 571,298,816
	6.63%	7.11%	7.54%	8.06%	8.20%	8.66%
	6,654	6,649	6,635	6,669	6,619	6,641
\$	5,631	\$ 5,844	\$ 6,244	\$ 6,544	\$ 6,481	\$ 6,827

**CITY OF DEFIANCE, OHIO**

SCHEDULE 8  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Population<sup>1</sup></b>	16,990	16,634	16,653	16,705
<b>Assessed value<sup>2</sup></b>	\$ 330,183,710	\$ 328,938,220	\$ 322,565,510	\$ 309,257,400
<b>General bonded debt:</b>				
General obligation bonds payable <sup>3</sup>	\$ 13,384,961	\$ 13,639,391	\$ 12,510,312	\$ 9,360,305
<b>Ratio of net bonded debt to assessed value</b>	4.05%	4.15%	3.88%	3.03%
<b>Net bonded debt per capita</b>	\$ 788	\$ 820	\$ 751	\$ 560

**Note:** The amount restricted for debt service on the statement of net position is not for general obligation debt; therefore, it is not included on this schedule.

**Sources:**

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

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

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



<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
16,671	16,763	16,862	16,926	17,044	17,152
\$ 309,257,400	\$ 320,277,520	\$ 319,027,680	\$ 299,057,480	\$ 300,457,400	\$ 276,385,000
\$ 10,695,960	\$ 9,187,415	\$ 10,097,780	\$ 10,968,146	\$ 11,813,511	\$ 12,603,877
3.46%	2.87%	3.17%	3.67%	3.93%	4.56%
\$ 642	\$ 548	\$ 599	\$ 648	\$ 693	\$ 735

**CITY OF DEFIANCE, OHIO**

SCHEDULE 9  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020

<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>	\$ 8,266,875	100.00%	\$ 8,266,875
<b>Overlapping Debt:</b>			
Defiance County	1,939,940	30.57%	593,040
Defiance City School District	21,540,000	82.85%	17,845,890
Ayersville Local School District	12,935,976	22.40%	2,897,659
Four County Career Center Joint Vocational School District	2,200,000	8.32%	183,040
Northeastern Local School District	22,805,000	20.78%	4,738,879
Total overlapping debt	<u>61,420,916</u>		<u>26,258,508</u>
Total direct and overlapping debt	<u>\$ 69,687,791</u>		<u>\$ 34,525,383</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total assessed property value</b>	\$ 330,183,710	\$ 328,938,220	\$ 322,565,510	\$ 309,257,400
<b>Overall legal debt limit</b> (10 1/2 % of assessed valuation)	<u>34,669,290</u>	<u>34,538,513</u>	<u>33,869,379</u>	<u>32,472,027</u>
Debt outstanding:				
General obligation bonds payable <sup>2</sup>	13,059,000	13,391,914	12,188,205	8,963,568
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,777,952	1,890,482	2,000,000	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	29,985,913	28,881,745	29,754,588	28,913,316
OPWC loans payable	<u>2,164,916</u>	<u>2,164,916</u>	<u>2,299,029</u>	<u>2,452,740</u>
Total gross indebtedness	<u>46,987,781</u>	<u>46,329,057</u>	<u>46,241,822</u>	<u>40,329,624</u>
Less <sup>1</sup> :				
General obligation bonds payable <sup>2</sup>	8,647,000	9,584,914	7,945,205	5,903,568
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	29,985,913	28,881,745	29,754,588	28,913,316
OPWC loans payable	<u>2,164,916</u>	<u>2,164,916</u>	<u>2,299,029</u>	<u>2,452,740</u>
Total net debt applicable to debt limit	<u>6,189,952</u>	<u>5,697,482</u>	<u>6,243,000</u>	<u>3,060,000</u>
Add: debt service fund equity	<u>636,946</u>	<u>621,729</u>	<u>602,796</u>	<u>592,151</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 29,116,284</u>	<u>\$ 29,462,760</u>	<u>\$ 28,229,175</u>	<u>\$ 30,004,178</u>
Legal debt margin as a percentage of the debt limit	83.98%	85.30%	83.35%	92.40%
<b>Unvoted debt limit</b>	<u>18,160,104</u>	<u>18,091,602</u>	<u>17,741,103</u>	<u>17,009,157</u>
Unvoted legal debt margin within 5 1/2 % limitation	<u>\$ 18,160,104</u>	<u>\$ 18,091,602</u>	<u>\$ 17,741,103</u>	<u>\$ 17,009,157</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>Excludes unamortized bond premiums.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 309,257,400	\$ 320,277,520	\$ 319,027,680	\$ 299,057,480	\$ 300,457,400	\$ 276,385,000
<u>32,472,027</u>	<u>33,629,140</u>	<u>33,497,906</u>	<u>31,401,035</u>	<u>31,548,027</u>	<u>29,020,425</u>
10,224,593	8,860,000	9,725,000	10,550,000	11,350,000	12,095,000
44,070	53,631	62,672	84,265	107,036	129,224
-	-	-	-	-	-
-	2,704,000	3,139,000	3,574,000	2,986,000	3,493,000
30,450,573	32,297,020	33,747,552	34,752,823	31,610,089	32,816,389
1,523,808	155,661	217,232	289,420	371,573	451,992
<u>42,243,044</u>	<u>44,070,312</u>	<u>46,891,456</u>	<u>49,250,508</u>	<u>46,424,698</u>	<u>48,985,605</u>
6,989,593	5,450,000	6,140,000	6,795,000	7,425,000	8,020,000
44,070	53,631	62,672	84,265	107,036	129,224
-	2,704,000	3,139,000	3,574,000	2,986,000	3,493,000
30,450,573	32,297,020	33,747,552	34,752,823	31,610,089	32,816,389
1,523,808	155,661	217,232	289,420	371,573	451,992
<u>3,235,000</u>	<u>3,410,000</u>	<u>3,585,000</u>	<u>3,755,000</u>	<u>3,925,000</u>	<u>4,075,000</u>
<u>570,714</u>	<u>565,440</u>	<u>556,615</u>	<u>620,652</u>	<u>765,828</u>	<u>1,007,820</u>
<u>\$ 29,807,741</u>	<u>\$ 30,784,580</u>	<u>\$ 30,469,521</u>	<u>\$ 28,266,687</u>	<u>\$ 28,388,855</u>	<u>\$ 25,953,245</u>
91.80%	91.54%	90.96%	90.02%	89.99%	89.43%
<u>17,009,157</u>	<u>17,615,264</u>	<u>17,546,522</u>	<u>16,448,161</u>	<u>16,525,157</u>	<u>15,201,175</u>
<u>\$ 17,009,157</u>	<u>\$ 17,615,264</u>	<u>\$ 17,546,522</u>	<u>\$ 16,448,161</u>	<u>\$ 16,525,157</u>	<u>\$ 15,201,175</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>OWDA Loans - Sewer System<sup>1</sup></b>				
Gross revenues <sup>2</sup>	\$ 7,240,951	\$ 7,531,248	\$ 7,396,693	\$ 7,380,647
Direct operating expenses <sup>3</sup>	3,387,604	3,811,476	3,724,229	3,779,418
Net revenue available for debt service	<u>3,853,347</u>	<u>3,719,772</u>	<u>3,672,464</u>	<u>3,601,229</u>
Annual debt service requirement <sup>4</sup>	2,277,403	2,607,941	2,383,430	2,376,078
Coverage	1.69	1.43	1.54	1.52
<b>OWDA Loans - Water Reservoir</b>				
Gross revenues <sup>2</sup>	\$ 6,540,811	\$ 5,930,476	\$ 5,642,065	\$ 5,626,240
Direct operating expenses <sup>3</sup>	4,081,762	4,230,353	4,148,073	4,205,112
Net revenue available for debt service	<u>2,459,049</u>	<u>1,700,123</u>	<u>1,493,992</u>	<u>1,421,128</u>
Annual debt service requirement <sup>4</sup>	433,656	433,466	433,283	433,107
Coverage	5.67	3.92	3.45	3.28

**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 not include depreciation expense.

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

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$	7,091,386	\$ 7,091,366	\$ 6,895,460	\$ 6,270,952	\$ 6,437,330	\$ 6,364,585
	3,274,574	3,128,395	2,820,670	3,035,848	3,664,100	2,954,268
	<u>3,816,812</u>	<u>3,962,971</u>	<u>4,074,790</u>	<u>3,235,104</u>	<u>2,773,230</u>	<u>3,410,317</u>
	2,342,678	2,388,868	2,321,512	2,087,309	2,905,438	3,061,015
	1.63	1.66	1.76	1.55	0.95	1.11
\$	5,957,319	\$ 5,957,063	\$ 5,843,398	\$ 6,030,551	\$ 6,045,464	\$ 5,442,437
	3,729,053	3,484,253	3,061,255	3,712,770	3,328,556	2,885,831
	<u>2,228,266</u>	<u>2,472,810</u>	<u>2,782,143</u>	<u>2,317,781</u>	<u>2,716,908</u>	<u>2,556,606</u>
	432,939	438,506	438,506	438,505	438,506	431,761
	5.15	5.64	6.34	5.29	6.20	5.92

**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
2020	16,990	\$ 713,630,970	\$ 42,003	2,620	8.2%	8.1%	8.1%
2019	16,634	690,976,360	41,540	2,649	4.2%	4.1%	3.7%
2018	16,653	691,765,620	41,540	2,730	4.4%	4.6%	3.9%
2017	16,705	659,212,710	39,462	2,714	4.3%	4.9%	4.1%
2016	16,671	645,567,804	38,724	2,723	4.8%	4.9%	4.9%
2015	16,763	626,567,414	37,378	2,607	4.3%	4.6%	5.6%
2014	16,862	629,121,220	37,310	2,650	5.4%	5.7%	6.2%
2013	16,926	616,614,180	36,430	2,723	7.2%	7.4%	7.4%
2012	17,044	585,461,400	34,350	2,657	7.4%	7.4%	8.1%
2011	17,152	571,298,816	33,308	2,654	9.2%	8.7%	8.9%

**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). Annual average unemployment is skewed high in 2020 due to a few exceptionally high monthly figures in the early stages of the COVID-19 pandemic/shutdown.



**CITY OF DEFIANCE, OHIO**

SCHEDULE 13  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<b>Employer</b>	<b>Tax Year 2019</b>		
	<b>Employees<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Johns Manville Corporation (MFG)	729	1	3.36%
Mayville Engineering Company - MEC (MFG)	643	2	2.97%
Defiance City Schools	551	3	2.54%
Wal Mart (RETAIL)	468	4	2.16%
Defiance College	454	5	2.09%
Defiance County	431	6	1.99%
Meijer (RETAIL)	424	7	1.96%
Defiance Regional Medical Center	386	8	1.78%
B&B Molded Plastics (MFG)	384	9	1.77%
Menard's (RETAIL)	276	10	1.27%
	<b>4,746</b>		<b>21.89%</b>
<b>Total Employment Within the City</b>	<b>21,677</b>		

<b>Employer</b>	<b>Tax Year 2010</b>		
	<b>Employees<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Johns Manville Corporation (MFG)	784	1	4.27%
Defiance Metal Products (MFG)	700	2	3.81%
Defiance College	698	3	3.80%
General Motors Company (MFG) <sup>2</sup>	592	4	3.22%
Defiance City Schools	528	5	2.88%
Defiance Regional Medical Center	365	6	1.99%
Defiance County	362	7	1.97%
Wal Mart (RETAIL)	353	8	1.92%
Fauster-Cameron (HLTH)	330	9	1.80%
Meijer (RETAIL)	248	10	1.35%
	<b>4,960</b>		<b>27.01%</b>
<b>Total Employment Within the City</b>	<b>18,359</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>The information for tax year 2019 and tax year 2010 is the most current information covering a ten-year period available as of December 31, 2020.

**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>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</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	14.0	13.8	14.0	13.5	13.3	12.9	13.0	12.5	13.5	13.8
Mayor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	4.8	4.8	4.8	4.8	4.9	4.3	3.8	3.8	3.7	3.8
Law	3.0	3.0	3.0	3.4	3.5	3.5	3.4	3.0	3.3	3.8
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	1.0	1.0	1.0	1.0	1.7
Buildings and Land	2.2	2.6	2.5	2.2	2.1	1.9	1.6	1.6	1.6	1.6
Engineer	7.9	8.6	9.2	9.1	6.9	5.4	6.6	5.7	6.5	5.6
	<u>40.9</u>	<u>41.8</u>	<u>42.5</u>	<u>42.0</u>	<u>39.6</u>	<u>37.0</u>	<u>37.4</u>	<u>35.6</u>	<u>37.6</u>	<u>38.3</u>
<b>Security of Persons and Property:</b>										
Police	34.7	36.8	34.7	33.4	33.9	33.2	34.1	31.3	31.1	31.7
Fire	43.0	48.5	38.9	37.7	38.4	37.8	35.2	29.7	28.7	30.6
	<u>77.7</u>	<u>85.3</u>	<u>73.6</u>	<u>71.1</u>	<u>72.3</u>	<u>71.0</u>	<u>69.3</u>	<u>61.0</u>	<u>59.8</u>	<u>62.3</u>
<b>Leisure Time Activities:</b>										
Parks and Recreation	5.4	8.0	7.9	7.2	8.3	7.1	7.9	7.7	7.8	7.2
Cemetery	3.6	4.8	5.0	4.2	4.4	4.4	4.2	3.8	3.0	2.9
Cultural/Historian*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	<u>9.5</u>	<u>13.3</u>	<u>13.4</u>	<u>11.9</u>	<u>13.1</u>	<u>12.0</u>	<u>12.6</u>	<u>12.0</u>	<u>11.3</u>	<u>10.6</u>
<b>Community Development:</b>										
Building Inspections	1.6	1.6	2.2	2.0	2.3	1.8	1.9	2.5	2.1	1.6
<b>Transportation:</b>										
Streets	10.2	10.5	10.6	10.2	10.3	10.8	11.6	9.6	10.1	11.1
<b>Utility Services:</b>										
Utility Billing	6.0	6.0	6.0	6.0	5.8	6.1	6.4	6.8	6.1	6.1
Water Treatment/Distribution	19.0	20.0	19.9	20.1	19.8	19.9	21.5	19.7	20.1	19.9
Wastewater Treatment/Collection	18.1	20.2	19.6	19.9	20.0	18.5	20.3	18.0	18.3	18.9
	<u>43.1</u>	<u>46.2</u>	<u>45.5</u>	<u>46.0</u>	<u>45.6</u>	<u>44.5</u>	<u>48.2</u>	<u>44.5</u>	<u>44.5</u>	<u>44.9</u>
<b>Total</b>	<u><u>183.0</u></u>	<u><u>198.7</u></u>	<u><u>187.8</u></u>	<u><u>183.2</u></u>	<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>

\* 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>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>General Government:</b>				
General fund beginning balance (cash)	\$3,177,167	\$3,546,284	\$3,699,172	\$3,041,951
General fund revenues (cash)	11,079,000	10,803,107	12,298,444	10,394,316
General fund expenditures (cash)	9,788,381	11,172,224	12,451,332	9,737,095
General fund ending balance (cash)	<u>\$4,467,786</u>	<u>\$3,177,167</u>	<u>\$3,546,284</u>	<u>\$3,699,172</u>
<b>Municipal Court:</b>				
Cases heard and closed	6,431	9,047	9,782	10,749
<b>Police:</b>				
Total calls for services	16,678	20,486	17,934	20,434
Traffic violations	778	1,249	1,428	1,509
Motor vehicle accidents	603	769	789	832
Criminal arrests	1,054	1,045	1,110	1,417
<b>Fire/Emergency Medical Services:</b>				
Fire calls	88	508	565	487
EMS calls	2,335	2,111	2,268	2,356
Fire safety inspections	844	1,062	1,176	1,078
<b>Building Inspections:</b>				
Construction permits issued	1,116	1,029	970	1,070
Estimated value of construction	\$10,032,134	\$7,859,091	\$6,817,870	\$8,003,585
<b>Recreation:</b>				
Swimming pool memberships <sup>(1)</sup>	0	34	35	68
Shelter house rentals	26	62	61	59
<b>Streets:</b>				
Salt usage (tons)	819	706	814	481
Cost of salt purchased	\$59,641	\$59,113	\$54,697	\$31,818
<b>Water:</b>				
Water customers	6,653	6,615	6,611	6,593
Water main breaks repaired	38	10	31	23
<b>Water Pollution Control:</b>				
Sewer lines cleaned/repaired (ft.)	6,525	59,178	65,189	68,220
Sewer customers	52,667	6,484	6,483	6,466

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

<sup>(1)</sup> Swimming pool was closed during 2020 due to COVID-19.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$2,305,035	\$1,929,849	\$1,159,602	\$1,239,095	\$1,376,242	\$1,511,693
9,881,035	9,740,976	9,491,539	8,709,434	8,831,048	8,901,881
9,144,119	9,365,790	8,721,292	8,788,927	8,968,195	9,037,332
<u>\$3,041,951</u>	<u>\$2,305,035</u>	<u>\$1,929,849</u>	<u>\$1,159,602</u>	<u>\$1,239,095</u>	<u>\$1,376,242</u>
9,191	9,163	9,761	9,832	9,688	9,572
17,517	16,964	18,203	18,353	21,030	23,194
1,349	1,236	1,571	1,983	1,485	1,590
830	896	909	805	846	826
1,132	1,322	1,596	2,045	2,031	2,164
410	437	415	603	629	474
2,088	2,189	1,841	1,439	1,477	1,609
1,361	1,409	1,019	1,142	1,296	848
1,151	998	897	925	1,007	937
\$8,078,849	\$5,035,057	\$5,649,615	\$5,902,162	\$6,253,697	\$4,913,011
52	38	51	50	55	40
51	55	61	45	57	54
957	491	1,021	918	706	953
\$73,628	\$45,376	\$55,316	\$42,371	\$47,986	\$64,961
6,654	6,649	6,635	6,669	6,619	6,641
18	30	32	50	0	49
85,143	70,100	84,500	76,000	86,440	32,304
6,513	6,492	6,495	6,523	6,422	6,438

**CITY OF DEFIANCE, OHIO**

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

<b>Function/Program</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Police:</b>				
Stations	1	1	1	1
Vehicles	17	16	15	14
<b>Fire/EMS:</b>				
Stations	1	2	1	1
Vehicles - Fire	8	9	9	9
Vehicles - EMS	3	3	5	3
<b>Parks and Recreation:</b>				
Parks	10	9	8	8
Pools	1	1	1	1
Splash Pads	1	1	1	0
Tennis courts	8	8	8	8
Sand volleyball courts	2	2	2	2
Basketball courts	5	5	4	4
Ball fields	13	13	12	12
Park shelter houses	15	14	13	13
<b>Streets:</b>				
Streets (miles)	131.3	130.3	128.64	128.50
Vehicles	16	17	18	18
<b>Water:</b>				
Water lines (miles)	184.82	184.82	184.82	184.82
Towers	2	2	2	2
Tower capacity	2.0 mg	2.0 mg	2.0 mg	2.0 mg
Reservoir capacity	350 mg	350 mg	350 mg	350 mg

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

2016	2015	2014	2013	2012	2011
1	1	1	1	1	1
13	13	13	13	12	12
1	1	1	1	1	1
9	9	9	10	9	9
3	3	3	3	3	3
8	8	8	1	8	8
1	1	1	1	1	1
0	0	0	0	0	0
8	8	8	8	8	8
2	2	2	2	2	2
4	4	4	4	4	4
12	13	14	14	14	14
13	13	13	13	13	13
128.50	127.80	122.80	142.00	142.00	110.12
18	18	17	18	18	17
156.40	151.80	151.80	151.80	126.37	125.62
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	350 mg

**CITY OF DEFIANCE**  
DEFIANCE COUNTY, OHIO

**SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**



**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, 2020

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	FEDERAL CFDA NUMBER	TOTAL FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Development Services Agency</i>			
Community Development Block Grant (Formula Grant)	A-F-18-2BD-1	14.228	\$ 480,000
Community Development Block Grant (Economic Development)	A-E-19-2BD-1	14.228	129,538
Community Development Block Grant (Critical Infrastructure)	A-X-18-2BD-1	14.228	500,000
<b>Total Community Development Block Grant</b>			<u>1,109,538</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>1,109,538</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct</i>			
Bulletproof Vest Partnership Program		16.607	4,232
<b>Total U.S. Department of Justice</b>			<u>4,232</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction			
DEF SR 15 16.56 Cleveland Ave	103689	20.205	120,623
<b>Total Highway Planning and Construction Cluster</b>			<u>120,623</u>
<b>Total U.S. Department of Transportation</b>			<u>120,623</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus Relief Fund	COVID-19 - HB481-CRF-Local	21.019	1,195,343
<b>Total U.S. Department of Treasury</b>			<u>1,195,343</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Great Lakes Program	GLRI 553-2019	66.469	8,700
<b>Total U.S. Environmental Protection Agency</b>			<u>8,700</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Direct</i>			
COVID-19 - Provider Relief Fund	COVID-19	93.498	21,666
<b>Total U.S. Department of Health and Human Services</b>			<u>21,666</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Direct</i>			
Hazard Mitigation Grant Program (HMGP)	FEMA-DR-4360.03R-OH	97.039	643,660
Assistance to Firefighters Grant	EMW-2018-FO-00687	97.044	2,473
COVID-19 - Assistance to Firefighters Grant	EMW-2020-FG-00273	97.044	983
<b>Total Assistance to Firefighters Grant</b>			<u>3,456</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	EMS-2017-FH-00133	97.083	261,503
<b>Total U.S. Department of Homeland Security</b>			<u>908,619</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,368,721</u>

The accompanying notes are an integral part of this schedule.

**CITY OF DEFIANCE  
DEFIANCE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Defiance (the City) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE 2 – INDIRECT COST RATE**

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - MATCHING REQUIREMENTS**

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

**NOTE 4 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE**

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, but are not included as disbursements on the Schedule. The current cash balance on the City's local program income account as of December 31, 2020, is \$680,215.

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

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

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of and for the year ended December 31, 2020, 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 July 29, 2021, wherein we noted as described in Note 3 to the financial statements, the City of Defiance adopted Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Furthermore, as described in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Defiance.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
July 29, 2021

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance and on 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 Each Major Federal Program***

We have audited the City of Defiance's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Defiance's major federal programs for the year ended December 31, 2020. The City of Defiance's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Defiance complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

***Report on Internal Control over Compliance***

Management of the City of Defiance is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Defiance's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Defiance's basic financial statements. We issued our report thereon dated July 29, 2021, which contained unmodified opinions on those financial statements. Our opinion also explained that the City of Defiance adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during the year. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Julian & Grube, Inc.  
July 29, 2021

**CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2020**

<b>1. SUMMARY OF AUDITOR'S 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 Programs (listed):</i>	21.019 – COVID-19 – Coronavirus Relief Fund, 14.228 – Community Development Block Grant
<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?</i>	No

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

None.

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

None.



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF DEFIANCE**

**DEFIANCE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/21/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)