



Comprehensive Annual Financial Report

for the year ended December 31, 2019



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Columbus, Ohio 43215
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Members of 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, 2019 through December 31, 2019. 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.

Keith Faber
Auditor of State
Columbus, Ohio

September 23, 2020

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CITY OF DEFIANCE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Title Page	
Table of Contents	i-v
Letter of Transmittal.....	vi-ix
Organizational Chart	x
List of Elected and Appointed Officials.....	xi
Certificate of Achievement for Excellence in Financial Reporting.....	xii

II. FINANCIAL SECTION

Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	5-20
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities.....	22-23
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Fund.....	28
Police and Fire Fund	29
Statement of Net Position - Proprietary Funds.....	30-31
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	32
Statement of Cash Flows - Proprietary Funds	34-35
Statement of Fiduciary Assets and Liabilities - Fiduciary Fund	36
Notes to the Basic Financial Statements.....	37-95

II. FINANCIAL SECTION - (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the City’s Proportionate Share of the Net Pension Liability/Net Pension Asset:

Ohio Public Employees Retirement System (OPERS).....	98-99
Ohio Police and Fire (OP&F) Pension Fund.....	100-101

Schedule of City Pension Contributions:

Ohio Public Employees Retirement System (OPERS).....	102-103
Ohio Police and Fire (OP&F) Pension Fund.....	104-105

Schedule of the City’s Proportionate Share of the Net OPEB Liability:

Ohio Public Employees Retirement System (OPERS).....	106
Ohio Police and Fire (OP&F) Pension Fund.....	107

Schedule of City OPEB Contributions:

Ohio Public Employees Retirement System (OPERS).....	108-109
Ohio Police and Fire (OP&F) Pension Fund.....	110-111

Notes to Required Supplementary Information.....	112
--------------------------------------------------	-----

Combining Statements and Individual Fund Schedules:

Fund Descriptions - Governmental Funds.....	115-117
---------------------------------------------	---------

Major Governmental Funds:

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Major Governmental Funds:

General Fund.....	118-120
Police and Fire Fund	121
Capital Improvements Fund.....	122

Combining Statements - Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	123
-------------------------------------------------------------	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	124
-------------------------------------------------------------------------------------------------------------------	-----

Special Revenue Funds:

Combining Balance Sheet - Nonmajor Special Revenue Funds	126-131
----------------------------------------------------------------	---------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	132-137
----------------------------------------------------------------------------------------------------------------------	---------

Debt Service Funds:

Combining Balance Sheet - Nonmajor Debt Service Funds	138
-------------------------------------------------------------	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds.....	139
------------------------------------------------------------------------------------------------------------------	-----

II. FINANCIAL SECTION - (CONTINUED)

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Nonmajor Special Revenue Funds:

State Highway Improvements Fund.....	140
Permissive Tax Fund.....	141
Street Construction, Maintenance and Repair Fund.....	142
Court Technology Grant Fund	143
Indigent Drivers Fund.....	144
Municipal Probation Services Fund.....	145
Probation Grant Fund.....	146
Court Computerization Fund.....	147
Tree of Life Fund.....	148
Special Project Fund	149
OVI Special Project Fund	150
Cable TV - Franchise Fund.....	151
Housing Rehabilitation Grant Fund	152
Revolving Loan - Industrial Fund.....	153
Peace Officer Training Fund.....	154
Reservoir Enhancement Fund	155
Riverside Cemetery Enhancement Fund.....	156
Hotel/Motel Tax Fund.....	157
Museum Trust Fund.....	158
Cemetery Trust Fund	159
Police Pension Fund.....	160
Fire Pension Fund	161
Law Enforcement Trust Fund	162
East Side Firehouse Fund.....	163
Fire and Rescue Trust Fund	164
Fire Damage Repair Fund.....	165
Park and Recreation Trust Fund.....	166
Probation Incentive Grant Fund.....	167

Individual Fund Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis) - GAAP Basis General Fund:

Unclaimed Monies Fund.....	168
Health Care Trust Fund.....	169

Debt Service Funds:

Individual Fund Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Nonmajor Debt Service Funds:

Bond Retirement Fund.....	170
Commerce Drive Fund.....	171

Capital Projects Fund:

Individual Fund Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Nonmajor Capital Projects Fund:

Splash Pad Trust Fund	172
-----------------------------	-----

Proprietary Funds:

Fund Descriptions - Proprietary Funds	174
---------------------------------------------	-----

II. FINANCIAL SECTION - (CONTINUED)

Major Enterprise Funds:

Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Non-GAAP Budgetary Basis) - Major Enterprise Funds:

Sewer Fund	175
Water Fund.....	176

Combining Statements - Nonmajor Enterprise Funds:

Combining Statement of Net Position - Nonmajor Enterprise Funds	177
-----------------------------------------------------------------------	-----

Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds	178
------------------------------------------------------------------------------------------------------------	-----

Combining Statement of Cash Flows - Nonmajor Enterprise Funds	179
---------------------------------------------------------------------	-----

Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Non-GAAP Budgetary Basis) - Nonmajor Enterprise Funds:

Refuse Fund	180
Utility Deposit Fund.....	181

Agency Fund:

Fund Descriptions - Fiduciary Funds	182
-------------------------------------------	-----

Statement of Changes in Assets and Liabilities - Agency Fund.....	183
-------------------------------------------------------------------	-----

III. STATISTICAL SECTION

Table of Contents	185
Net Position by Component - Last Ten Years	186-187
Changes in Net Position - Last Ten Years.....	188-191
Fund Balances, Governmental Funds - Last Ten Years	192-193
Changes in Fund Balances, Governmental Funds - Last Ten Years.....	194-195
Income Tax Revenues by Source - Last Ten Years	196-197
Income Tax Rates and Allocation by Fund - Last Ten Years	198-199
Ratios of Outstanding Debt by Type - Last Ten Years.....	200-201
Ratios of General Bonded Debt Outstanding - Last Ten Years.....	202-203
Direct and Overlapping Governmental Activities Debt - as of December 31, 2019	204
Legal Debt Margin - Last Ten Years.....	206-207
Pledged Revenue Coverage - Last Ten Years	208-209

III. STATISTICAL SECTION – (CONTINUED)

Demographic and Economic Statistics - Last Ten Years.....	210
Principal Employers - Current Year and Nine Years Ago.....	211
Full-Time Equivalent Position by Function/Division - Last Ten Years	212
Operating Indicators by Function/Program - Last Ten Years.....	214-215
Capital Asset Statistics by Function/Program - Last Ten Years.....	216-217

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Mike McCann, Mayor
Jeffery S. Leonard, City Administrator
John W. Lehner, Finance Director
Sean C. O'Donnell, Law Director

August 20, 2020

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

Transmittal Letter

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Defiance, Ohio (the "City") for the year ended December 31, 2019. The CAFR is the official report of the City's operations and financial position for the year, and has been developed for the benefit of Defiance residents and elected officials, investment banks, underwriters and all other interested parties. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

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

The City is required by State law to have an annual audit performed by the Auditor of State's Office or an independent public accounting firm, if permitted by the Auditor of State. Julian & Grube, Inc. performed the audit for the year ended December 31, 2019, and they have issued an unmodified ("clean") opinion. The Independent Auditor's Report on the City's financial statements is included in the Financial Section of this report.

As part of the City's independent audit, tests are made to determine the adequacy of the internal 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, 2019 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 16,600 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 2019 continued its multi-year growth pattern, as evidenced by numerous factors. Income tax receipts, the City's largest single source of revenue, were up 4.3%, and established a new all-time high of nearly \$10.9 million. In keeping with momentum of the last several years, multiple new retail enterprises opened in 2019, as expected, and again, there is more growth anticipated in 2020. Unemployment rates in Defiance County fell to 4.2%, which was in line the statewide average of 4.1%. Nationwide unemployment was 3.7%.

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

Long-Term Financial Planning

The General Fund balance dropped \$241,199 in 2019 to \$4.48 million, a 5.1% reduction. But for a discretionary transfer of \$410,000 to supplement the City's capital improvements budget, the year-end balance would have realized a slight increase (3.6%). Over the last several years, the City Council and Administration have chosen to use a portion of growing General Fund reserves to accelerate the streets improvement program in the capital budget. Since 2017, that total is nearly \$1.1 million. The City has also been using its designated capital improvements funding, including multiple grant sources, to aggressively improve parks, trails and other public lands, in an effort to bolster its abundant natural resource assets.

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 plans to issue new debt in 2020, including both a general obligation bond issue and a favorable loan opportunity through the State of Ohio for improvements to its water treatment plant.

Of note, the COVID-19 pandemic has impacted the City's 2020 revenues. The full extent is not yet known but appears to be sustainable in the short-term. The City has taken measures to curb planned expenditures in 2020 and will continue to monitor the effects on local revenues going forward.

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, 2018. 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 nine 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 sixth consecutive year, the *Ohio Auditor of State Award with Distinction* for its “clean” audit report for the year ended December 31, 2018.

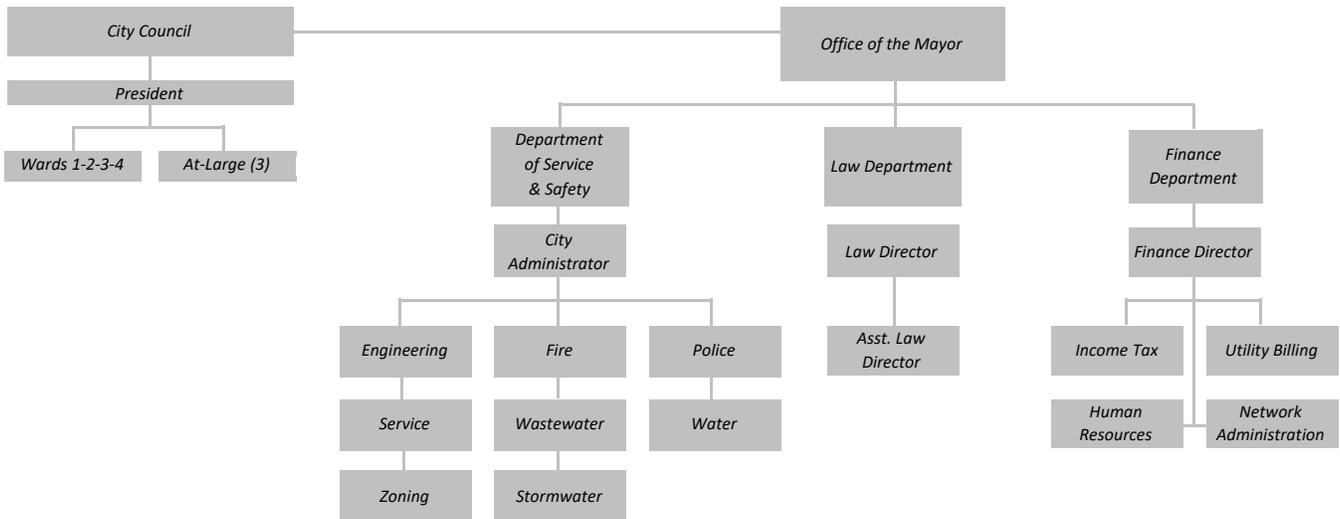
I would like to express my appreciation to the employees of the Defiance Finance Department for their hard work and professionalism. The successful preparation of this document would not be possible without their efforts. I would also like to thank the Mayor and Members of City Council for their ongoing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

Respectfully submitted,

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

John W. Lehner
Finance Director

CITY OF DEFIANCE, OHIO
ORGANIZATIONAL CHART



CITY OF DEFIANCE, OHIO
LIST OF ELECTED AND APPOINTED OFFICIALS
AS OF DECEMBER 31, 2019

Elected Officials

Mayor	Mike McCann
City Council:	
President	David McMaster
At-Large	Joe Eureste
At-Large	Steve Waxler
At-Large	Jill Krutsch
1 st Ward	Peter Lundberg
2 nd Ward	John Hancock
3 rd Ward	David Plant
4 th 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, 2018

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, 2019, and the related notes to the financial statements, which collectively comprise the City of Defiance's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, and Police and Fire Funds, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2019, the City of Defiance restated the health care trust fund as part of the general fund. It was also discussed that the City of Defiance chose to utilize Governmental Accounting Standards Board (GASB) Statement No. 95, allowing them to postpone implementation of any newly applicable GASB pronouncements until the report date of December 31, 2020. Furthermore, as discussed in Note 23 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City of Defiance. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension assets, net pension and other post-employment benefit liabilities, and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

The statements and schedules are management's responsibility and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2020, on our consideration of the City of Defiance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Defiance's internal control over financial reporting and compliance.

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

Julian & Grube, Inc.
August 20, 2020

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CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (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, 2019. 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 2019 are as follows:

- The total net position of the City increased \$9,171,025. Net position of governmental activities increased \$7,165,395 from 2018's restated net position, and net position of business-type activities increased \$2,005,630 from 2018's restated net position.
- General revenues accounted for \$13,013,986 or 71.89% of total governmental activities revenue. Program specific revenues accounted for \$5,087,599 or 28.11% of total governmental activities revenue.
- The City had \$10,951,679 in expenses related to governmental activities; \$5,087,599 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 \$13,013,986.
- 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 \$10,023,094 in 2019, while the expenditures and other financing uses totaled \$10,264,293. The net decrease in fund balance for the general fund was \$241,199.
- The police and fire fund had revenues and other financing sources in the amount of \$6,450,704 in 2019, and expenditures totaling \$6,469,113. The net decrease in fund balance for the police and fire fund was \$18,409.
- The capital improvements fund had revenues and other financing sources of \$3,722,306 and expenditures of \$3,001,749 in 2019. The net increase in fund balance for the capital improvements fund was \$720,557.
- Net position for the business-type activities, which is made up of the sewer, water, refuse, and utility deposit enterprise funds, increased in 2019 by \$2,005,630. 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 \$89,443 greater than the amounts reported in the final budget, and actual expenditures and other financing uses were \$540,079 less than the amounts reported in the final budget as a result of closely monitored spending practices. Budgeted revenues and other financing sources were unchanged from the original to the final budget. Budgeted expenditures and other financing uses increased \$107,298 from the original to the final budget.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

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 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The City's statement of net position and statement of activities can be found on pages 21-23 of this report.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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.

CITY OF DEFIANCE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the police and fire fund, and the capital improvements fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 24-29 of this report.

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. The basic proprietary fund financial statements can be found on pages 30-35 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 36 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 37-95 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension/OPEB liabilities. The required supplementary information can be found on pages 98-112 of this report.

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3.

	Governmental Activities		Business-type Activities		Total	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
<u>Assets</u>						
Current and other assets	\$ 13,064,635	\$ 12,474,940	\$ 8,864,494	\$ 8,883,207	\$ 21,929,129	\$ 21,358,147
Capital assets, net	28,186,525	27,059,660	80,515,751	76,553,082	108,702,276	103,612,742
Total assets	<u>41,251,160</u>	<u>39,534,600</u>	<u>89,380,245</u>	<u>85,436,289</u>	<u>130,631,405</u>	<u>124,970,889</u>
<u>Deferred outflows of resources</u>						
Unamortized deferred charges	-	-	53,101	66,659	53,101	66,659
Pension	5,480,181	2,532,528	1,235,902	594,289	6,716,083	3,126,817
OPEB	1,230,551	1,135,182	195,062	131,084	1,425,613	1,266,266
Total deferred outflows of resources	<u>6,710,732</u>	<u>3,667,710</u>	<u>1,484,065</u>	<u>792,032</u>	<u>8,194,797</u>	<u>4,459,742</u>
<u>Liabilities</u>						
Current liabilities	724,947	809,241	1,719,506	1,299,111	2,444,453	2,108,352
Long-term liabilities:						
Due within one year	1,085,978	1,062,257	3,766,775	3,706,840	4,852,753	4,769,097
Net pension liability	18,536,976	12,710,741	3,892,622	2,178,697	22,429,598	14,889,438
Net OPEB liability	4,339,541	11,117,689	1,968,334	1,600,583	6,307,875	12,718,272
Other amounts	<u>7,270,267</u>	<u>7,760,805</u>	<u>35,680,145</u>	<u>35,033,032</u>	<u>42,950,412</u>	<u>42,793,837</u>
Total liabilities	<u>31,957,709</u>	<u>33,460,733</u>	<u>47,027,382</u>	<u>43,818,263</u>	<u>78,985,091</u>	<u>77,278,996</u>
<u>Deferred inflows of resources</u>						
Property taxes	777,300	764,200	-	-	777,300	764,200
Pension	129,040	1,168,613	57,079	521,603	186,119	1,690,216
OPEB	<u>478,118</u>	<u>354,434</u>	<u>5,715</u>	<u>119,951</u>	<u>483,833</u>	<u>474,385</u>
Total deferred inflows of resources	<u>1,384,458</u>	<u>2,287,247</u>	<u>62,794</u>	<u>641,554</u>	<u>1,447,252</u>	<u>2,928,801</u>
<u>Net position</u>						
Net investment in capital assets	22,525,710	20,731,337	41,221,061	37,714,003	63,746,771	58,445,340
Restricted	4,231,411	4,162,150	-	-	4,231,411	4,162,150
Unrestricted (deficit)	<u>(12,137,396)</u>	<u>(17,439,157)</u>	<u>2,553,073</u>	<u>4,054,501</u>	<u>(9,584,323)</u>	<u>(13,384,656)</u>
Total net position	<u>\$ 14,619,725</u>	<u>\$ 7,454,330</u>	<u>\$ 43,774,134</u>	<u>\$ 41,768,504</u>	<u>\$ 58,393,859</u>	<u>\$ 49,222,834</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, 2019 (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, 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58,393,859. At December 31, 2019, net position was \$14,619,725 and \$43,774,134 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, 2019
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At December 31, 2019, capital assets represented 83.21% 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 68.33% of total assets, while capital assets of the business-type activities represented 90.08% of total assets. The net investment in capital assets at December 31, 2019 was \$22,525,710 and \$41,221,061 in governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$4,231,411, 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, 2019
(UNAUDITED)**

The table below shows the changes in net position for 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3.

	Change in Net Position					
	Governmental Activities <u>2019</u>	Business-type Activities <u>2019</u>	Restated	Restated	2019 Total	Restated 2018 Total
			Governmental Activities <u>2018</u>	Business-type Activities <u>2018</u>		
Revenues:						
Program revenues:						
Charges for services and sales	\$ 2,259,966	\$ 14,173,442	\$ 2,200,169	\$ 13,859,444	\$ 16,433,408	\$ 16,059,613
Operating grants and contributions	1,762,295	-	1,437,649	-	1,762,295	1,437,649
Capital grants and contributions	<u>1,065,338</u>	<u>187,930</u>	<u>936,029</u>	<u>166,875</u>	<u>1,253,268</u>	<u>1,102,904</u>
Total program revenues	<u>5,087,599</u>	<u>14,361,372</u>	<u>4,573,847</u>	<u>14,026,319</u>	<u>19,448,971</u>	<u>18,600,166</u>
General revenues:						
Property taxes	1,151,126	-	1,128,027	-	1,151,126	1,128,027
Income taxes	10,831,730	-	10,472,913	-	10,831,730	10,472,913
Unrestricted grants and entitlements	314,117	-	277,998	-	314,117	277,998
Investment earnings	163,562	152,184	136,595	136,321	315,746	272,916
Change in fair value of investments	249,100	-	(76,555)	-	249,100	(76,555)
Miscellaneous	<u>304,351</u>	<u>70,638</u>	<u>148,069</u>	<u>26,237</u>	<u>374,989</u>	<u>174,306</u>
Total general revenues	<u>13,013,986</u>	<u>222,822</u>	<u>12,087,047</u>	<u>162,558</u>	<u>13,236,808</u>	<u>12,249,605</u>
Total revenues	<u>18,101,585</u>	<u>14,584,194</u>	<u>16,660,894</u>	<u>14,188,877</u>	<u>32,685,779</u>	<u>30,849,771</u>
Expenses:						
General government	4,271,614	-	3,816,649	-	4,271,614	3,816,649
Security of persons and property	1,838,646	-	8,250,948	-	1,838,646	8,250,948
Public health and welfare	463,193	-	408,324	-	463,193	408,324
Transportation	2,186,816	-	2,166,138	-	2,186,816	2,166,138
Community environment	981,167	-	881,242	-	981,167	881,242
Leisure time activity	863,666	-	869,990	-	863,666	869,990
Economic development	145,816	-	2,225,249	-	145,816	2,225,249
Interest and fiscal charges	200,761	-	169,254	-	200,761	169,254
Water	-	5,560,402	-	5,410,444	5,560,402	5,410,444
Sewer	-	6,012,562	-	5,839,400	6,012,562	5,839,400
Other business-type activities	<u>-</u>	<u>990,111</u>	<u>-</u>	<u>1,291,284</u>	<u>990,111</u>	<u>1,291,284</u>
Total expenses	<u>10,951,679</u>	<u>12,563,075</u>	<u>18,787,794</u>	<u>12,541,128</u>	<u>23,514,754</u>	<u>31,328,922</u>
Change in net position before transfers	<u>7,149,906</u>	<u>2,021,119</u>	<u>(2,126,900)</u>	<u>1,647,749</u>	<u>9,171,025</u>	<u>(479,151)</u>
Transfers	<u>15,489</u>	<u>(15,489)</u>	<u>(15,718)</u>	<u>15,718</u>	<u>-</u>	<u>-</u>
Change in net position	7,165,395	2,005,630	(2,142,618)	1,663,467	9,171,025	(479,151)
Net position, beginning of year (restated)	<u>7,454,330</u>	<u>41,768,504</u>	<u>9,596,948</u>	<u>40,105,037</u>	<u>49,222,834</u>	<u>49,701,985</u>
Net position, end 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>

CITY OF DEFIANCE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$7,165,395 in 2019.

During 2019, the City's income tax revenue increased \$358,817 over 2018. The income tax revenues were the result of decreasing unemployment during 2019.

Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$1,838,646 of the total expenses of the City. These expenses were partially funded by \$1,275,018 in direct charges to users of the services, and \$474,857 in operating grants and contributions. Transportation expenses totaled \$2,186,816 in 2019. Transportation expenses were partially funded by \$1,233,710 in operating grants and contributions and \$593,899 in capital grants and contributions.

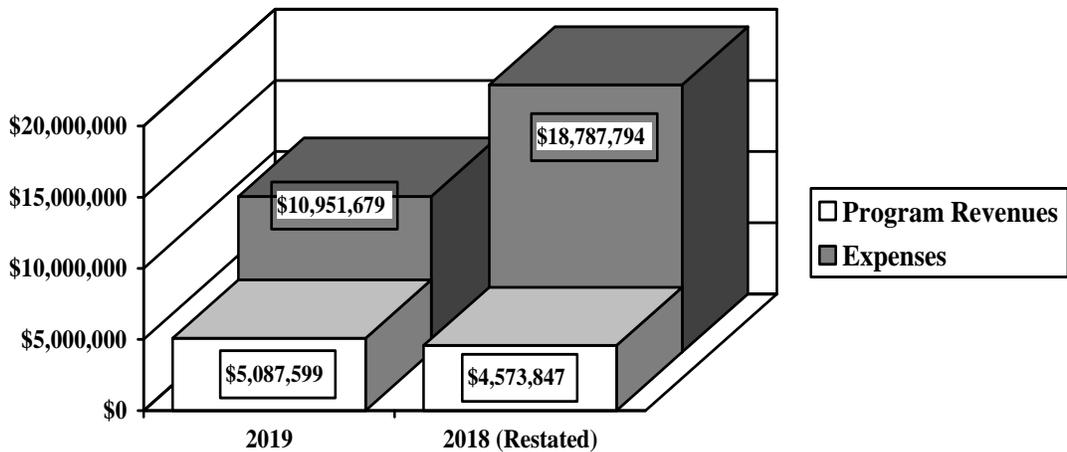
The State and federal government contributed to the City a total of \$1,762,295 in operating grants and contributions and \$1,065,338 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$22,726 subsidized general government operations and \$30,187 subsidized economic development programs. Of the total capital grants and contributions, \$593,899 subsidized transportation expenses and \$471,439 subsidized leisure time activities.

Security of persons and property expenses decreased \$6,412,302 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.

General revenues totaled \$13,013,986 and amounted to 71.89% of total governmental activities revenue. These revenues primarily consist of property and income tax revenue totaling \$11,982,856. 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 \$314,117.

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 2019 and 2018. 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. 2018's amounts have been restated as described in Note 3.

Governmental Activities - Program Revenues vs. Total Expenses



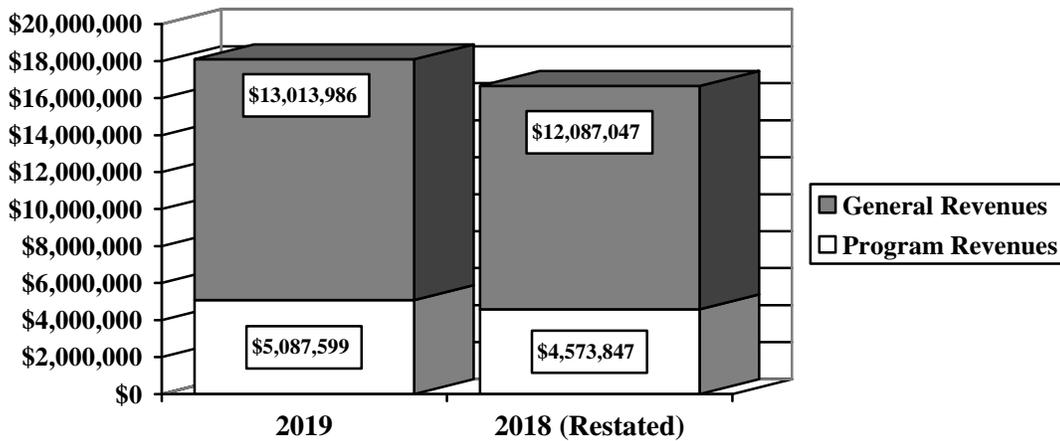
CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	Governmental Activities			
	Total Cost of	Net Cost of	Restated	Restated
	Services	Services	Total Cost of	Net Cost of
	<u>2019</u>	<u>2019</u>	Services	Services
	<u>2018</u>	<u>2018</u>	<u>2018</u>	
Program Expenses:				
General government	\$ 4,271,614	\$ 3,609,558	\$ 3,816,649	\$ 3,008,538
Security of persons and property	1,838,646	88,771	8,250,948	6,615,676
Public health and welfare	463,193	390,715	408,324	344,374
Transportation	2,186,816	359,207	2,166,138	638,517
Community environment	981,167	834,364	881,242	745,188
Leisure time activity	863,666	361,745	869,990	623,916
Economic development	145,816	18,959	2,225,249	2,068,484
Interest and fiscal charges	<u>200,761</u>	<u>200,761</u>	<u>169,254</u>	<u>169,254</u>
Total	<u>\$ 10,951,679</u>	<u>\$ 5,864,080</u>	<u>\$ 18,787,794</u>	<u>\$ 14,213,947</u>

The dependence upon general revenues for governmental activities is apparent, with 46.45% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



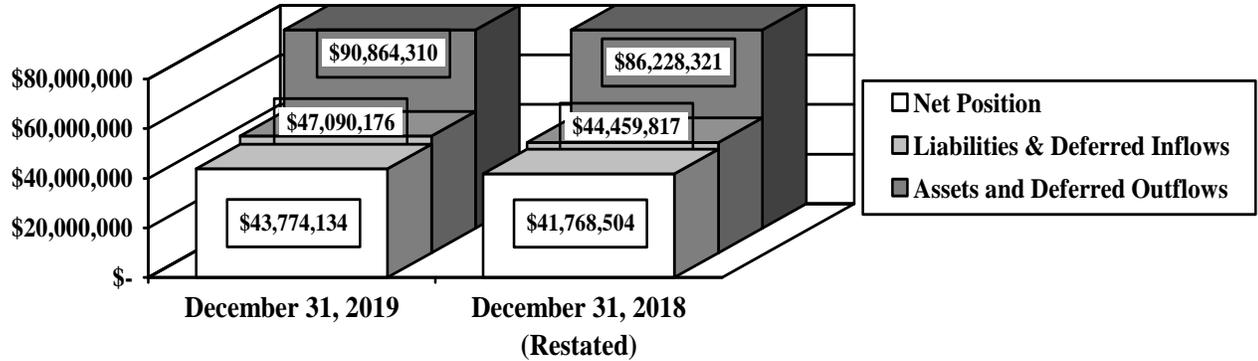
Business-type Activities

Business-type activities include the sewer, water, refuse, and utility deposit enterprise funds. These programs had program revenues of \$14,361,372, general revenues of \$222,822, expenses of \$12,563,075, and \$15,489 in transfers out in 2019. The graph below shows the business-type activities assets and deferred outflows of resources, liabilities, and net position at December 31, 2019 and December 31, 2018.

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 \$10,600,791, which is a \$722,678 increase from last year's restated fund balance total of \$9,878,113. The table below indicates the fund balances and the total change in fund balances as of December 31, 2019 and December 31, 2018 for all major and nonmajor governmental funds. The fund balances at December 31, 2018, have been restated as described in Note 3.

	Fund Balances <u>December 31, 2019</u>	Restated Fund Balances <u>December 31, 2018</u>	Increase <u>(Decrease)</u>
Major funds:			
General	\$ 4,482,356	\$ 4,723,555	\$ (241,199)
Police and fire	268,937	287,346	(18,409)
Capital improvements	1,174,169	453,612	720,557
Nonmajor governmental funds	<u>4,675,329</u>	<u>4,413,600</u>	<u>261,729</u>
 Total	 <u>\$ 10,600,791</u>	 <u>\$ 9,878,113</u>	 <u>\$ 722,678</u>

CITY OF DEFIANCE, OHIO

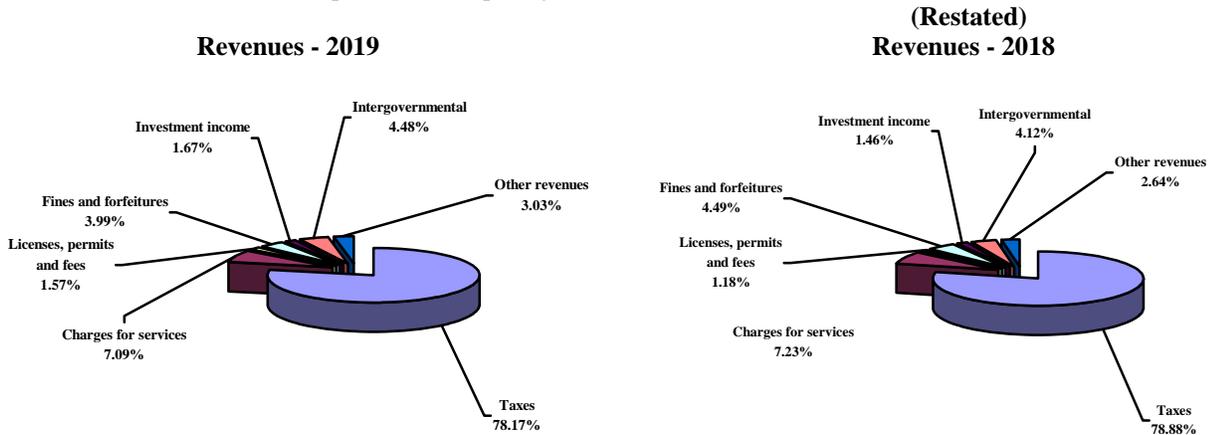
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

General Fund

The City's general fund balance decreased \$241,199. The table that follows assists in illustrating the revenues of the general fund for 2019 and 2018. The 2018 amounts have been restated as described in Note 3.

	2019	Restated 2018	Increase/ (Decrease)	Percentage Change
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>	<u>Change</u>
Revenues				
Taxes	\$ 7,828,885	\$ 7,535,440	\$ 293,445	3.89 %
Charges for services	710,456	690,802	19,654	2.85 %
Licenses, permits and fees	157,178	113,050	44,128	39.03 %
Fines and forfeitures	399,831	429,173	(29,342)	(6.84) %
Investment income	166,956	139,377	27,579	19.79 %
Intergovernmental	448,415	393,227	55,188	14.03 %
Other	<u>303,115</u>	<u>252,549</u>	<u>50,566</u>	20.02 %
Total	<u>\$ 10,014,836</u>	<u>\$ 9,553,618</u>	<u>\$ 461,218</u>	4.83 %

Overall revenues of the general fund increased \$461,218 or 4.83%. Investment income increased \$27,579 or 19.79% primarily due to slightly higher interest rates on City investments during 2019. Charges for services increased \$19,654 or 2.85% due to greater revenue from EMS runs. Other revenues increased \$50,566 or 20.02% primarily due to an increase in reimbursement revenue received by the City in 2019. Tax revenue increased \$293,445 or 3.89% primarily due to increases in income tax collected in fiscal year 2019. All other revenue classifications remained comparable to the prior year.



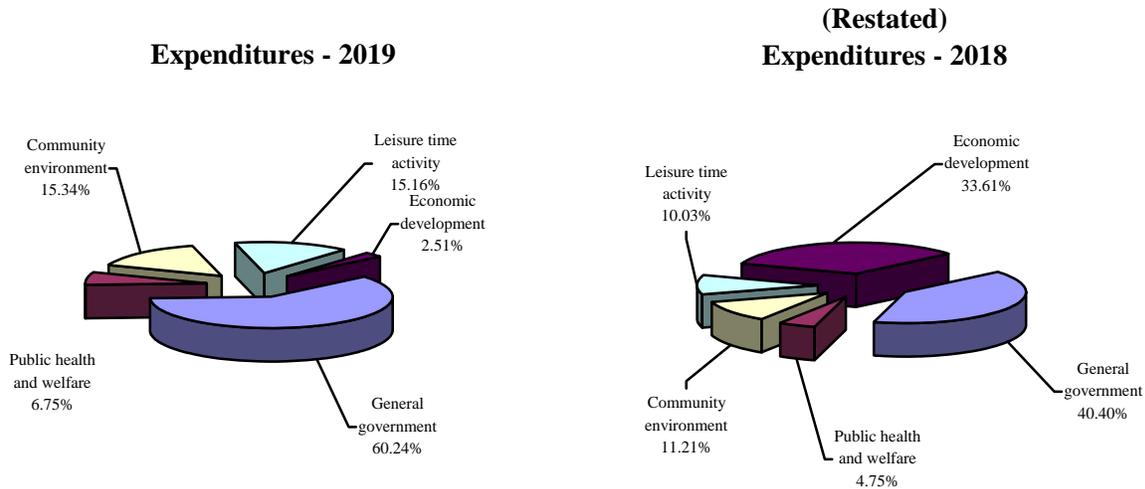
CITY OF DEFIANCE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

The table that follows assists in illustrating the expenditures of the general fund for 2019 and 2018.

	2019 <u>Amount</u>	(Restated) 2018 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Expenditures</u>				
General government	\$ 2,793,438	\$ 2,642,825	\$ 150,613	5.70 %
Public health and welfare	313,033	310,489	2,544	0.82 %
Community environment	711,550	733,652	(22,102)	(3.01) %
Leisure time activity	703,068	656,339	46,729	7.12 %
Economic development	<u>116,185</u>	<u>2,198,872</u>	<u>(2,082,687)</u>	(94.72) %
Total	<u>\$ 4,637,274</u>	<u>\$ 6,542,177</u>	<u>\$ (1,904,903)</u>	(29.12) %

Overall expenditures of the general fund decreased \$1,904,903 or 29.12%. Economic development expenditures decreased \$2,082,687 or 94.72% due to an increase in expenditures related to the development of a business park that occurred in 2018.



Police and Fire Fund

The police and fire fund had revenues and other financing sources in the amount of \$6,450,704 in 2019, and expenditures totaling \$6,469,113. The net decrease in fund balance for the police and fire fund was \$18,409. The expenditures of the police and fire fund were subsidized by income tax revenues of \$1,819,500, grants of \$278,539, and transfers of \$4,350,000 from the general fund.

Capital Improvements Fund

The capital improvements fund had revenues and other financing sources of \$3,722,306 and expenditures of \$3,001,749 in 2019. The net increase in fund balance for the capital improvements fund was \$720,557. This increase in fund balance is mainly attributable to greater spending on capital items during 2018 compared to 2019.

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 \$9,885,407, which was \$89,443 greater than the final, and original, budgeted revenues and other financing sources of \$9,795,964. Actual expenditures and other financing uses were \$10,364,185, which was \$540,079 less than the final budgeted expenditures and other financing uses of \$10,904,264 due to the City's conservative budgeting practices. Original budgeted expenditures and other financing uses were \$10,796,966, which is \$107,298 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, 2019, the City had \$108,702,276 (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, \$28,186,525 was reported in governmental activities and \$80,515,751 was reported in business-type activities. The following table shows December 31, 2019 balances compared to December 31, 2018.

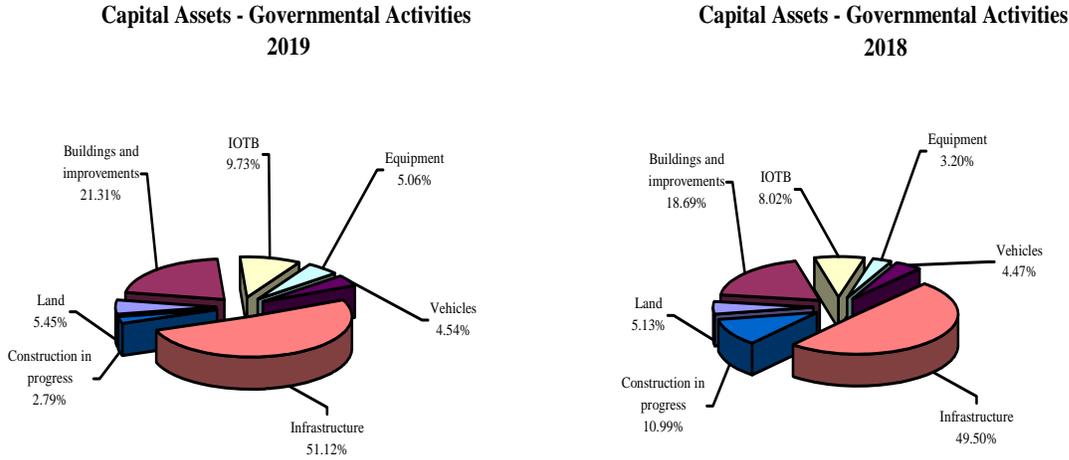
**Capital Assets at December 31
(Net of Accumulated Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 1,537,708	\$ 1,387,788	\$ 662,207	\$ 662,207	\$ 2,199,915	\$ 2,049,995
Construction in progress	785,019	2,974,016	3,604,226	6,852,223	4,389,245	9,826,239
Land improvements	-	-	238,270	263,089	238,270	263,089
Buildings and improvements	6,005,302	5,057,282	14,203,151	14,408,506	20,208,453	19,465,788
IOTB	2,742,391	2,169,527	-	-	2,742,391	2,169,527
Equipment	1,425,568	864,860	3,553,454	2,000,382	4,979,022	2,865,242
Vehicles	1,279,986	1,210,003	512,298	315,519	1,792,284	1,525,522
Infrastructure	14,410,551	13,396,184	57,742,145	52,051,156	72,152,696	65,447,340
Totals	<u>\$ 28,186,525</u>	<u>\$ 27,059,660</u>	<u>\$ 80,515,751</u>	<u>\$ 76,553,082</u>	<u>\$ 108,702,276</u>	<u>\$ 103,612,742</u>

CITY OF DEFIANCE, OHIO

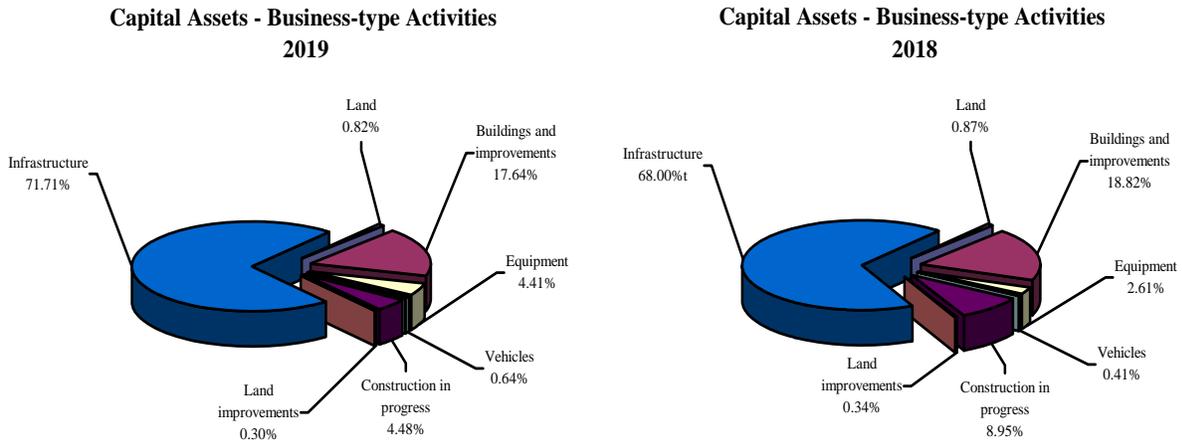
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

The following graphs show the breakdown of governmental activities capital assets by category at December 31, 2019 and December 31, 2018.



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 51.12% of the City's total governmental activities capital assets at December 31, 2019.

The following graphs show the breakdown of business-type activities capital assets by category at December 31, 2019 and December 31, 2018.



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 71.71% of the City's total business-type activities capital assets at December 31, 2019.

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, 2019
(UNAUDITED)

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2019 and December 31, 2018.

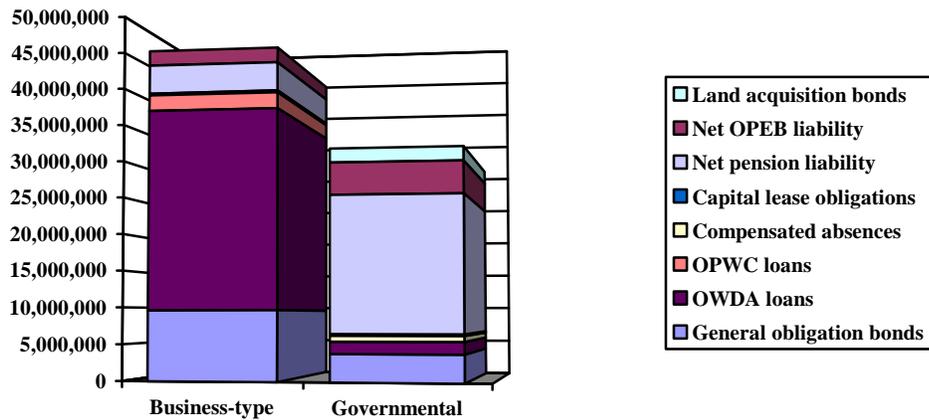
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 3,807,000	\$ 4,243,000
Land acquisition bonds	1,890,482	2,000,000
OWDA loans	1,631,826	1,748,385
Capital lease obligations	196,924	50,487
Net pension liability	18,536,976	12,710,741
Net OPEB liability	4,339,541	11,117,689
Compensated absences	<u>804,948</u>	<u>754,001</u>
Total long-term obligations	<u>\$ 31,207,697</u>	<u>\$ 32,624,303</u>

	<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 9,584,914	\$ 7,945,205
OWDA loans	27,249,919	28,006,203
OPWC loans	2,164,916	2,299,029
Net pension liability	3,892,622	2,178,697
Net OPEB liability	1,968,334	1,600,583
Compensated absences	<u>224,759</u>	<u>194,517</u>
Total long-term obligations	<u>\$ 45,085,464</u>	<u>\$ 42,224,234</u>

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, 2019



CITY OF DEFIANCE, OHIO

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

- The City's income tax revenues hit a record high in 2019, increasing \$571,246 (on a cash basis) from 2018 collections, or 5.5%. Employee withholding increased 2.7%, which bode well for the local workforce, and corporate and individual filings were up 24.6% and 6.1%, respectively.
- The local unemployment rate in 2019 averaged 4.2%. This was down from the prior year (4.4%) and was in line with the State of Ohio (4.1%) and somewhat higher than the comparable national rate (3.7%).
- Following 2019, in which City employee health insurance rates increased less than 4.2%, rates were further increased 7.95% for 2020. For the 3-year period 2018-2020, the City's health insurance premium increases have averaged 4.4%. 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 all AFSCME and non-bargaining unit employees were budgeted at 2.5% for 2020; wage increases for the police and fire unions were budgeted at 2.75% for 2020.
- The weighted-average-yield on investments at December 31, 2019 was 2.0%. Posted interest earnings in 2019 totaled approximately \$325,000.
- City water and sewer rates were adjusted for 2020. While the impact varies by type of customer and level of consumption, generally speaking, water rates were increased while sewer rates were decreased. The net effect on a typical residential consumer will be nominal; larger commercial and industrial users will see a more significant net change.

In 2019, the local economy maintained a positive trajectory, with continued signs of full-employment, expansion in the retail sector, and progress on other promising commercial and industrial development. Income tax revenues achieved an all-time high. 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, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 8,124,469	\$ 7,694,915	\$ 15,819,384
Cash in segregated accounts	590,378	164,697	755,075
Receivables (net of allowance for uncollectibles)			
Income taxes	1,657,289	-	1,657,289
Property and other local taxes	904,658	-	904,658
Accounts	165,971	368,999	534,970
Loans receivable	732,441	-	732,441
Special assessments	117,123	17,661	134,784
Accrued interest	22,356	35,494	57,850
Due from other governments	669,962	411	670,373
Materials and supplies inventory	57,094	86,631	143,725
Net pension asset	22,894	15,462	38,356
Restricted assets:			
Equity in pooled cash and cash equivalents	-	403,986	403,986
Cash in segregated accounts	-	76,238	76,238
Capital assets:			
Land and construction in progress	2,322,727	4,266,433	6,589,160
Depreciable capital assets, net	25,863,798	76,249,318	102,113,116
Total capital assets, net	<u>28,186,525</u>	<u>80,515,751</u>	<u>108,702,276</u>
Total assets	<u>41,251,160</u>	<u>89,380,245</u>	<u>130,631,405</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	-	53,101	53,101
Pension	5,480,181	1,235,902	6,716,083
OPEB	<u>1,230,551</u>	<u>195,062</u>	<u>1,425,613</u>
Total deferred outflows of resources	<u>6,710,732</u>	<u>1,484,065</u>	<u>8,194,797</u>
Liabilities:			
Accounts payable	281,036	145,040	426,076
Contracts payable	-	865,791	865,791
Retainage payable	-	164,697	164,697
Accrued wages and benefits payable	193,829	71,868	265,697
Due to other governments	205,914	48,441	254,355
Accrued interest payable	44,168	19,683	63,851
Payable from restricted assets - refundable deposits	-	403,986	403,986
Long-term liabilities:			
Due within one year	1,085,978	3,766,775	4,852,753
Due in more than one year:			
Due in more than one year - net pension liability	18,536,976	3,892,622	22,429,598
Due in more than one year - net OPEB liability	4,339,541	1,968,334	6,307,875
Other amounts due in more than one year	<u>7,270,267</u>	<u>35,680,145</u>	<u>42,950,412</u>
Total liabilities	<u>31,957,709</u>	<u>47,027,382</u>	<u>78,985,091</u>
Deferred inflows of resources:			
Property taxes levied for the next year	777,300	-	777,300
Pension	129,040	57,079	186,119
OPEB	<u>478,118</u>	<u>5,715</u>	<u>483,833</u>
Total deferred inflows of resources	<u>1,384,458</u>	<u>62,794</u>	<u>1,447,252</u>
Net position:			
Net investment in capital assets	22,525,710	41,221,061	63,746,771
Restricted for:			
Capital projects	5,541	-	5,541
Debt service	724,312	-	724,312
Transportation projects	234,083	-	234,083
Safety projects	281,348	-	281,348
Special projects	509,327	-	509,327
Community environment projects	43,751	-	43,751
Economic development projects	1,396,153	-	1,396,153
Health projects	5,517	-	5,517
Museum trust	592,939	-	592,939
Other purposes	438,440	-	438,440
Unrestricted (deficit)	<u>(12,137,396)</u>	<u>2,553,073</u>	<u>(9,584,323)</u>
Total net position	<u>\$ 14,619,725</u>	<u>\$ 43,774,134</u>	<u>\$ 58,393,859</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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>
Governmental activities:				
General government	\$ 4,271,614	\$ 639,330	\$ 22,726	\$ -
Security of persons and property.	1,838,646	1,275,018	474,857	-
Public health and welfare.	463,193	71,663	815	-
Transportation	2,186,816	-	1,233,710	593,899
Community environment	981,167	146,803	-	-
Leisure time activity	863,666	30,482	-	471,439
Economic development.	145,816	96,670	30,187	-
Interest and fiscal charges	200,761	-	-	-
Total governmental activities.	<u>10,951,679</u>	<u>2,259,966</u>	<u>1,762,295</u>	<u>1,065,338</u>
Business-type activities:				
Sewer	6,012,562	7,412,701	-	187,930
Water	5,560,402	5,826,201	-	-
Other business-type activities:				
Refuse	990,111	934,540	-	-
Total business-type activities	<u>12,563,075</u>	<u>14,173,442</u>	<u>-</u>	<u>187,930</u>
Total primary government	<u>\$ 23,514,754</u>	<u>\$ 16,433,408</u>	<u>\$ 1,762,295</u>	<u>\$ 1,253,268</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 (restated).

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,609,558)	\$ -	\$ (3,609,558)
(88,771)	-	(88,771)
(390,715)	-	(390,715)
(359,207)	-	(359,207)
(834,364)	-	(834,364)
(361,745)	-	(361,745)
(18,959)	-	(18,959)
(200,761)	-	(200,761)
<u>(5,864,080)</u>	<u>-</u>	<u>(5,864,080)</u>
-	1,588,069	1,588,069
-	265,799	265,799
-	(55,571)	(55,571)
-	<u>1,798,297</u>	<u>1,798,297</u>
<u>(5,864,080)</u>	<u>1,798,297</u>	<u>(4,065,783)</u>
7,159,892	-	7,159,892
1,851,209	-	1,851,209
1,820,629	-	1,820,629
611,307	-	611,307
539,819	-	539,819
314,117	-	314,117
163,562	152,184	315,746
249,100	-	249,100
304,351	70,638	374,989
<u>13,013,986</u>	<u>222,822</u>	<u>13,236,808</u>
<u>15,489</u>	<u>(15,489)</u>	<u>-</u>
<u>13,029,475</u>	<u>207,333</u>	<u>13,236,808</u>
7,165,395	2,005,630	9,171,025
<u>7,454,330</u>	<u>41,768,504</u>	<u>49,222,834</u>
<u>\$ 14,619,725</u>	<u>\$ 43,774,134</u>	<u>\$ 58,393,859</u>

CITY OF DEFIANCE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Police and Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents.	\$ 3,717,172	\$ 330,234	\$ 985,220	\$ 3,091,843	\$ 8,124,469
Cash in segregated accounts.	-	2,665	-	587,713	590,378
Receivables (net of allowance for uncollectibles):					
Income taxes	1,100,109	276,270	276,270	4,640	1,657,289
Property and other local taxes	647,435	-	-	257,223	904,658
Accounts	89,171	-	-	76,800	165,971
Loans receivable	-	-	-	732,441	732,441
Special assessments	-	-	-	117,123	117,123
Accrued interest	18,065	-	-	4,291	22,356
Due from other funds	2,402	-	-	-	2,402
Due from other governments.	158,330	-	-	511,632	669,962
Materials and supplies inventory.	-	-	-	57,094	57,094
Total assets.	<u>\$ 5,732,684</u>	<u>\$ 609,169</u>	<u>\$ 1,261,490</u>	<u>\$ 5,440,800</u>	<u>\$ 13,044,143</u>
Liabilities:					
Accounts payable	\$ 219,679	\$ 34,083	\$ 5,571	\$ 21,703	\$ 281,036
Accrued wages and benefits payable.	64,208	113,283	-	16,338	193,829
Due to other funds	-	-	-	2,402	2,402
Due to other governments.	43,487	111,116	-	51,311	205,914
Total liabilities.	<u>327,374</u>	<u>258,482</u>	<u>5,571</u>	<u>91,754</u>	<u>683,181</u>
Deferred inflows of resources:					
Property taxes levied for the next year.	603,700	-	-	173,600	777,300
Delinquent property tax revenue not available.	43,735	-	-	-	43,735
Accrued interest not available	5,144	-	-	1,396	6,540
Special assessments revenue not available.	-	-	-	117,123	117,123
Miscellaneous revenue not available.	-	-	-	52,834	52,834
Income tax revenue not available	171,202	81,750	81,750	1,373	336,075
Intergovernmental revenue not available	99,173	-	-	327,391	426,564
Total deferred inflows of resources	<u>922,954</u>	<u>81,750</u>	<u>81,750</u>	<u>673,717</u>	<u>1,760,171</u>
Fund balances:					
Nonspendable	5,792	-	-	57,094	62,886
Restricted	-	268,937	-	4,614,394	4,883,331
Committed.	-	-	1,174,169	6,242	1,180,411
Assigned.	691,268	-	-	1	691,269
Unassigned (deficit)	3,785,296	-	-	(2,402)	3,782,894
Total fund balances.	<u>4,482,356</u>	<u>268,937</u>	<u>1,174,169</u>	<u>4,675,329</u>	<u>10,600,791</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,732,684</u>	<u>\$ 609,169</u>	<u>\$ 1,261,490</u>	<u>\$ 5,440,800</u>	<u>\$ 13,044,143</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, 2019

Total governmental fund balances	\$	10,600,791
<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.		28,186,525
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	\$ 336,075	
Property and other local taxes receivable	43,735	
Accounts receivable	52,834	
Special assessments receivable	117,123	
Intergovernmental receivable	426,564	
Accrued interest receivable	6,540	
Total		982,871
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(44,168)
Unamortized premiums on bond issuances are not recognized in the funds.		(25,065)
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	22,894	
Deferred outflows of resources	5,480,181	
Deferred inflows of resources	(129,040)	
Net pension liability	(18,536,976)	
Total		(13,162,941)
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	1,230,551	
Deferred inflows of resources	(478,118)	
Net OPEB liability	(4,339,541)	
Total		(3,587,108)
Long-term liabilities, including bonds payable, loans payable, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(3,807,000)	
Land acquisition bonds payable	(1,890,482)	
OWDA loans payable	(1,631,826)	
Capital lease obligations payable	(196,924)	
Compensated absences payable	(804,948)	
Total		(8,331,180)
Net position of governmental activities	\$	<u>14,619,725</u>

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, 2019

	<u>General</u>	<u>Police and Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Income taxes.	\$ 7,225,713	\$ 1,819,500	\$ 1,819,500	\$ 30,561	\$ 10,895,274
Property and other local taxes.	603,172	-	-	539,819	1,142,991
Charges for services.	710,456	-	-	-	710,456
Licenses, permits and fees.	157,178	-	-	210,552	367,730
Fines and forfeitures.	399,831	-	-	318,151	717,982
Intergovernmental	448,415	278,539	1,129,588	1,366,372	3,222,914
Special assessments	-	-	-	124,530	124,530
Investment income.	166,956	-	-	33,412	200,368
Donations	2,180	-	-	163,070	165,250
Increase in fair value of investments.	164,058	-	-	85,042	249,100
Other.	136,877	2,665	166,294	39,805	345,641
Total revenues	<u>10,014,836</u>	<u>2,100,704</u>	<u>3,115,382</u>	<u>2,911,314</u>	<u>18,142,236</u>
Expenditures:					
Current:					
General government	2,793,438	-	-	613,265	3,406,703
Security of persons and property.	-	6,469,113	-	1,231,781	7,700,894
Public health and welfare	313,033	-	-	-	313,033
Transportation	-	-	-	973,132	973,132
Community environment.	711,550	-	-	-	711,550
Leisure time activity	703,068	-	-	270	703,338
Economic development	116,185	-	-	29,631	145,816
Capital outlay	-	-	2,772,141	-	2,772,141
Debt service:					
Principal retirement	-	-	122,487	590,077	712,564
Interest and fiscal charges.	-	-	107,121	93,937	201,058
Total expenditures.	<u>4,637,274</u>	<u>6,469,113</u>	<u>3,001,749</u>	<u>3,532,093</u>	<u>17,640,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,377,562</u>	<u>(4,368,409)</u>	<u>113,633</u>	<u>(620,779)</u>	<u>502,007</u>
Other financing sources (uses):					
Sale of capital assets	8,258	-	-	-	8,258
Capital lease transaction	-	-	196,924	-	196,924
Transfers in	-	4,350,000	410,000	983,508	5,743,508
Transfers (out).	<u>(5,627,019)</u>	<u>-</u>	<u>-</u>	<u>(101,000)</u>	<u>(5,728,019)</u>
Total other financing sources (uses).	<u>(5,618,761)</u>	<u>4,350,000</u>	<u>606,924</u>	<u>882,508</u>	<u>220,671</u>
Net change in fund balances.	(241,199)	(18,409)	720,557	261,729	722,678
Fund balances at beginning of year (restated) .	<u>4,723,555</u>	<u>287,346</u>	<u>453,612</u>	<u>4,413,600</u>	<u>9,878,113</u>
Fund balances at end of year.	<u>\$ 4,482,356</u>	<u>\$ 268,937</u>	<u>\$ 1,174,169</u>	<u>\$ 4,675,329</u>	<u>\$ 10,600,791</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds	\$	722,678
<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	\$ 2,819,516	
Current year depreciation	(1,583,945)	
Total	1,235,571	1,235,571
The net effect of various transactions involving capital assets is to decrease net position.		
		(108,706)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income tax revenue	(63,544)	
Property and other local tax revenue	8,135	
Special assessments revenue	(27,860)	
Intergovernmental revenue	46,835	
Investment income	(3,557)	
Other revenue	(660)	
Total	(40,651)	(40,651)
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.		
		(196,924)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		712,564
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	(1,827)	
Amortization of bond premium	2,124	
Total	297	297
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	1,371,003	
OPEB	34,490	
Total	1,405,493	1,405,493
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	(3,215,569)	
OPEB	6,715,343	
Total	3,499,774	3,499,774
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.		
		(64,701)
Change in net position of governmental activities	\$	<u>7,165,395</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 7,260,354	\$ 7,260,354	\$ 7,234,559	\$ (25,795)
Property and other local taxes	594,820	594,820	603,172	8,352
Charges for services	765,700	765,700	725,730	(39,970)
Licenses, permits and fees	110,600	110,600	157,178	46,578
Fines and forfeitures	454,600	454,600	394,300	(60,300)
Intergovernmental	388,890	388,890	449,028	60,138
Investment income	140,000	140,000	153,918	13,918
Donations	-	-	2,180	2,180
Other	71,000	71,000	157,084	86,084
Total revenues	<u>9,785,964</u>	<u>9,785,964</u>	<u>9,877,149</u>	<u>91,185</u>
Expenditures:				
Current:				
General government	2,990,964	3,024,521	2,855,607	168,914
Public health and welfare	333,214	336,266	320,904	15,362
Community environment	757,919	766,858	721,867	44,991
Leisure time activity	749,597	756,463	721,904	34,559
Economic development	128,708	131,640	116,884	14,756
Total expenditures	<u>4,960,402</u>	<u>5,015,748</u>	<u>4,737,166</u>	<u>278,582</u>
Excess of revenues over expenditures	<u>4,825,562</u>	<u>4,770,216</u>	<u>5,139,983</u>	<u>369,767</u>
Other financing sources (uses):				
Sale of assets	10,000	10,000	8,258	(1,742)
Transfers (out)	<u>(5,836,564)</u>	<u>(5,888,516)</u>	<u>(5,627,019)</u>	<u>261,497</u>
Total other financing sources (uses)	<u>(5,826,564)</u>	<u>(5,878,516)</u>	<u>(5,618,761)</u>	<u>259,755</u>
Net change in fund balances	(1,001,002)	(1,108,300)	(478,778)	629,522
Fund balances at beginning of year.	3,408,301	3,408,301	3,408,301	-
Prior year encumbrances appropriated.	137,983	137,983	137,983	-
Fund balance at end of year.	<u>\$ 2,545,282</u>	<u>\$ 2,437,984</u>	<u>\$ 3,067,506</u>	<u>\$ 629,522</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,815,491	\$ 1,825,800	\$ 1,816,814	\$ (8,986)
Intergovernmental	338,509	330,000	338,756	8,756
Total revenues	<u>2,154,000</u>	<u>2,155,800</u>	<u>2,155,570</u>	<u>(230)</u>
Expenditures:				
Current:				
Security of persons and property	6,739,213	6,666,013	6,456,106	209,907
Total expenditures	<u>6,739,213</u>	<u>6,666,013</u>	<u>6,456,106</u>	<u>209,907</u>
Excess of expenditures over revenues	<u>(4,585,213)</u>	<u>(4,510,213)</u>	<u>(4,300,536)</u>	<u>209,677</u>
Other financing sources:				
Transfers in	4,350,000	4,350,000	4,350,000	-
Total other financing sources	<u>4,350,000</u>	<u>4,350,000</u>	<u>4,350,000</u>	<u>-</u>
Net change in fund balances	(235,213)	(160,213)	49,464	209,677
Fund balances at beginning of year.	197,864	197,864	197,864	-
Prior year encumbrances appropriated.	37,643	37,643	37,643	-
Fund balance at end of year	<u>\$ 294</u>	<u>\$ 75,294</u>	<u>\$ 284,971</u>	<u>\$ 209,677</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 4,586,983	\$ 2,943,695	\$ 164,237	\$ 7,694,915
Cash with fiscal and escrow agents.	164,697	-	-	164,697
Receivables (net of allowance for uncollectibles):				
Accounts	215,897	153,102	-	368,999
Accrued interest	21,824	13,670	-	35,494
Due from other governments.	-	411	-	411
Special assessments	-	17,661	-	17,661
Materials and supplies inventory.	18,903	67,728	-	86,631
Total current assets.	<u>5,008,304</u>	<u>3,196,267</u>	<u>164,237</u>	<u>8,368,808</u>
Noncurrent assets:				
Restricted equity in pooled cash and cash equivalents	-	-	403,986	403,986
Restricted cash in segregated accounts	-	-	76,238	76,238
Net pension asset	7,565	7,897	-	15,462
Capital assets:				
Land and construction in progress.	3,128,432	1,138,001	-	4,266,433
Depreciable capital assets, net.	50,260,900	25,988,418	-	76,249,318
Total capital assets, net	<u>53,389,332</u>	<u>27,126,419</u>	<u>-</u>	<u>80,515,751</u>
Total noncurrent assets	<u>53,396,897</u>	<u>27,134,316</u>	<u>480,224</u>	<u>81,011,437</u>
Total assets	<u>58,405,201</u>	<u>30,330,583</u>	<u>644,461</u>	<u>89,380,245</u>
Deferred outflows of resources:				
Unamortized deferred charges on refunding. . . .	-	53,101	-	53,101
Pension.	607,184	628,718	-	1,235,902
OPEB.	97,048	98,014	-	195,062
Total deferred outflows of resources	<u>\$ 704,232</u>	<u>\$ 779,833</u>	<u>\$ -</u>	<u>\$ 1,484,065</u>

CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities:				
Current liabilities:				
Accounts payable	\$ 47,581	\$ 48,141	\$ 49,318	\$ 145,040
Contracts payable	485,144	380,647	-	865,791
Accrued wages and benefits payable	37,369	34,499	-	71,868
Due to other governments	20,483	27,958	-	48,441
Accrued interest payable.	12,892	6,791	-	19,683
Payable from restricted assets:				
Refundable deposits	-	-	403,986	403,986
Compensated absences payable - current	63,334	83,993	-	147,327
Retainage payable	164,697	-	-	164,697
General obligation bonds payable - current.	747,000	960,914	-	1,707,914
OWDA loans payable - current	1,626,363	218,114	-	1,844,477
OPWC loans payable - current.	5,355	61,702	-	67,057
Total current liabilities.	3,210,218	1,822,759	453,304	5,486,281
Long-term liabilities:				
Compensated absences payable	20,740	56,692	-	77,432
General obligation bonds payable	5,006,415	3,092,997	-	8,099,412
OWDA loans payable	20,181,018	5,224,424	-	25,405,442
OPWC loans payable.	-	2,097,859	-	2,097,859
Net OPEB liability	963,071	1,005,263	-	1,968,334
Net pension liability	1,904,591	1,988,031	-	3,892,622
Total noncurrent liabilities	28,075,835	13,465,266	-	41,541,101
Total liabilities	31,286,053	15,288,025	453,304	47,027,382
Deferred inflows of resources:				
Pension.	27,928	29,151	-	57,079
OPEB.	2,988	2,727	-	5,715
Total deferred inflows of resources	30,916	31,878	-	62,794
Net position:				
Net investment in capital assets	25,233,927	15,987,134	-	41,221,061
Unrestricted (deficit)	2,558,537	(196,621)	191,157	2,553,073
Total net position	\$ 27,792,464	\$ 15,790,513	\$ 191,157	\$ 43,774,134

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, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating revenues:				
Charges for services	\$ 7,412,701	\$ 5,790,494	\$ 934,540	\$ 14,137,735
Tap-in fees	-	35,707	-	35,707
Other	16,767	53,871	-	70,638
Total operating revenues	<u>7,429,468</u>	<u>5,880,072</u>	<u>934,540</u>	<u>14,244,080</u>
Operating expenses:				
Personal services	2,638,574	2,615,862	-	5,254,436
Contract services	285,609	483,183	-	768,792
Materials and supplies	527,992	824,505	-	1,352,497
Administrative costs	48,235	10,873	-	59,108
Utilities	310,604	289,713	990,097	1,590,414
Depreciation	1,500,550	964,003	-	2,464,553
Other	462	6,217	14	6,693
Total operating expenses	<u>5,312,026</u>	<u>5,194,356</u>	<u>990,111</u>	<u>11,496,493</u>
Operating income (loss).	<u>2,117,442</u>	<u>685,716</u>	<u>(55,571)</u>	<u>2,747,587</u>
Nonoperating revenues (expenses):				
Interest revenue	101,780	50,404	-	152,184
Gain (loss) on sale of capital assets	18,781	(1,369)	-	17,412
Interest and fiscal charges	(701,923)	(345,071)	-	(1,046,994)
Bond issuance costs	(17,394)	(19,606)	-	(37,000)
Total nonoperating revenues (expenses)	<u>(598,756)</u>	<u>(315,642)</u>	<u>-</u>	<u>(914,398)</u>
Income (loss) before transfers and capital contributions	1,518,686	370,074	(55,571)	1,833,189
Transfers (out).	(15,489)	-	-	(15,489)
Capital contributions	187,930	-	-	187,930
Change in net position.	1,691,127	370,074	(55,571)	2,005,630
Net position at beginning of year	<u>26,101,337</u>	<u>15,420,439</u>	<u>246,728</u>	<u>41,768,504</u>
Net position at end of year.	<u>\$ 27,792,464</u>	<u>\$ 15,790,513</u>	<u>\$ 191,157</u>	<u>\$ 43,774,134</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF DEFIANCE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities:				
Cash received from charges for services	\$ 7,604,607	\$ 5,903,425	\$ 1,089,244	\$ 14,597,276
Cash received from tap-in fees	-	35,707	-	35,707
Cash received from other operations	16,767	53,460	-	70,227
Cash payments for personal services	(2,212,454)	(2,180,246)	-	(4,392,700)
Cash payments for contractual services	(279,489)	(461,417)	-	(740,906)
Cash payments for administrative costs	(48,006)	(10,583)	-	(58,589)
Cash payments for materials and supplies	(530,051)	(844,662)	-	(1,374,713)
Cash payments for utilities	(295,656)	(290,306)	(989,717)	(1,575,679)
Cash payments for other operations	(462)	(6,217)	(230,984)	(237,663)
Net cash provided by (used in) operating activities	<u>4,255,256</u>	<u>2,199,161</u>	<u>(131,457)</u>	<u>6,322,960</u>
Cash flows from noncapital financing activities:				
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>
Cash flows from capital and related financing activities:				
Cash received from sale of capital assets	24,605	-	-	24,605
Cash payments for the acquisition of capital assets	(4,495,542)	(1,386,974)	-	(5,882,516)
Cash received from issuance of loans	1,499,010	-	-	1,499,010
Cash received from issuance of bonds	1,572,500	1,772,500	-	3,345,000
Cash payments for principal retirement	(2,797,044)	(1,370,363)	-	(4,167,407)
Cash payments for interest and fiscal charges	(737,239)	(310,611)	-	(1,047,850)
Cash payments for bond issuance costs	(17,394)	(19,606)	-	(37,000)
Cash received from capital contributions	187,930	-	-	187,930
Net cash used in capital and related financing activities	<u>(4,763,174)</u>	<u>(1,315,054)</u>	<u>-</u>	<u>(6,078,228)</u>
Cash flows from investing activities:				
Cash received from interest earned	108,188	47,610	-	155,798
Net cash provided by investing activities	<u>108,188</u>	<u>47,610</u>	<u>-</u>	<u>155,798</u>
Net increase (decrease) in cash and cash equivalents	(415,219)	931,717	(131,457)	385,041
Cash and cash equivalents at beginning of year . . .	<u>5,166,899</u>	<u>2,011,978</u>	<u>775,918</u>	<u>7,954,795</u>
Cash and cash equivalents at end of year	<u>\$ 4,751,680</u>	<u>\$ 2,943,695</u>	<u>\$ 644,461</u>	<u>\$ 8,339,836</u>

CITY OF DEFIANCE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,117,442	\$ 685,716	\$ (55,571)	\$ 2,747,587
Adjustments:				
Depreciation.	1,500,550	964,003	-	2,464,553
Changes in assets and liabilities:				
Decrease in accounts receivable.	191,906	109,399	89,082	390,387
Decrease in special assessments receivable.	-	3,532	-	3,532
Decrease in materials and supplies inventory.	2,360	777	-	3,137
Increase in due from other governments.	-	(411)	-	(411)
Decrease in net pension asset.	1,660	1,835	-	3,495
Increase in deferred outflows - pension	(319,161)	(322,452)	-	(641,613)
Increase in deferred outflows - OPEB.	(35,591)	(28,387)	-	(63,978)
Increase (decrease) in accounts payable	16,892	(2,803)	380	14,469
Increase in accrued wages and benefits	16,371	11,506	-	27,877
Increase in compensated absences payable.	13,021	17,221	-	30,242
Increase in due to other governments	2,967	3,148	-	6,115
Decrease in utility deposits payable.	-	-	(165,348)	(165,348)
Increase in net pension liability.	844,340	869,585	-	1,713,925
Increase in net OPEB liability.	184,156	183,595	-	367,751
Decrease in deferred inflows - pension.	(225,903)	(238,621)	-	(464,524)
Decrease in deferred inflows - OPEB.	(55,754)	(58,482)	-	(114,236)
Net cash provided by (used in) operating activities	<u>\$ 4,255,256</u>	<u>\$ 2,199,161</u>	<u>\$ (131,457)</u>	<u>\$ 6,322,960</u>

Non-cash transactions:

At December 31, 2019 and December 31, 2018, the sewer fund purchased \$649,841 and \$319,634 in capital assets on account, respectively. At December 31, 2019 and December 31, 2018, the water fund purchased \$380,647 and \$158,955 in capital assets on account, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2019

	<u>Agency</u>
Assets:	
Cash in segregated accounts	\$ 102,465
Total assets.	<u>\$ 102,465</u>
Liabilities:	
Due to other governments	\$ 102,465
Total liabilities.	<u>\$ 102,465</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019

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 2019, the City contributed \$18,446 for the MVPO's operations. Information can be obtained from Brett J. Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

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

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

JOINT VENTURES WITHOUT EQUITY INTEREST

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

The main source of revenue for the MANTF is from federal grants and local matching shares from the entities. The City has no ongoing financial responsibility to the MANTF. The City has indirect access to the net resources of the MANTF since the City is able to influence the MANTF to use its surplus resources to undertake projects of interest to the City's residents. This access to the net resources of the Governing Board has not been explicitly defined, nor is it currently measurable. In 2019, the City contributed \$25,000 to the MANTF. Financial statements for the MANTF can be obtained through the Defiance County Sheriff's Office located at 113 Biede Street, Defiance, Ohio 43512.

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

The Defiance County Economic Development Employment Agreement between the Board of Trustees of the Corporation and the Defiance County Director of Economic Development states that the County's Director of Economic Development may serve as Executive Director of the Corporation, as such the Corporation has agreed to furnish Defiance County with the funds needed to pay his salary. The City of Defiance partially funds the Corporation to pay the salary of the Director of the Defiance County Economic Development. The City's degree of control over the Board of Trustees is limited to its representation on the Board of Trustees. The City made \$144 in payments to the Corporation in 2019. 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, 2019

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, 2019

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 agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund that accounts for the municipal court.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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

E. Basis of Accounting

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

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 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, 2019, but which were levied to finance 2020 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 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, 2019

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

F. Budgetary Data

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

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

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

G. Health Care

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

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 2019, 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 2019, 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, 2019**

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

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$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 2019 amounted to \$166,956, which included \$95,725 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, sewer construction projects, 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, 2019

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.

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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 2019, the sewer fund received \$187,930 in capital contributions in the form of grants restricted to capital acquisition and construction.

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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 2019.

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

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

W. Interfund Balances

On fund financial statements, receivables and payables resulting from cash deficits among the governmental activities are classified as amounts “due to/from other funds.” These amounts are eliminated in the governmental activities column on the statement of net position.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For 2019, the City has implemented GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance.*” 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.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2019. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed by one year. The City has elected to postpone implementing the following pronouncements until the fiscal year ended December 31, 2020:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 90, *Majority Equity Interests*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

An analysis of the City’s internal service fund determined that the City does not bear the risk of financing health insurance claims, therefore, a net position/fund balance restatement is required in order to properly present the City’s health care trust fund as part of the general fund. The governmental activities, business-type activities, general fund and internal service fund at January 1, 2019 have been restated as follows:

	Governmental Activities	Business-Type Activities
Net position as previously reported	\$ 7,401,363	\$ 41,821,471
Remove internal balance of internal service fund	52,967	(52,967)
Restated net position at January 1, 2019	\$ 7,454,330	\$ 41,768,504
	General Fund	Internal Service Fund
Fund balance/net position as previously reported	\$ 4,263,294	\$ 460,261
Reclassification of internal service fund	460,261	(460,261)
Restated fund balance/net position at January 1, 2019	\$ 4,723,555	\$ -

B. Deficit Fund Balance

Fund balances at December 31, 2019 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
Fire pension	\$ 2,402

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2019, 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, 2019, the City had \$933,778 in cash in segregated accounts held for a museum trust, an environmental trust, police property, sewer construction projects, and municipal court operations. This amount is not included in “Deposits with Financial Institutions” below.

C. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was \$5,715,434. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2019, \$2,944,200 of the City’s bank balance of \$6,227,126 was exposed to custodial credit risk as discussed below, while \$3,282,926 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, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

At December 31, 2019, 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	\$ 97,691	\$ 97,691	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
FHLMC	1,449,166	251,158	699,993	-	498,015	-
FNMA	748,855	-	499,995	-	-	248,860
FFCB	1,728,745	-	-	-	-	1,728,745
FHLB	1,128,575	-	-	-	-	1,128,575
Negotiable CDs	3,742,766	247,284	496,491	-	-	2,998,991
Commercial paper	1,424,259	297,390	1,126,869	-	-	-
U.S. Treasury note	138,606	-	-	-	-	138,606
U.S. Government money market	47,023	47,023	-	-	-	-
Total	\$ 10,505,686	\$ 940,546	\$ 2,823,348	\$ -	\$ 498,015	\$ 6,243,777

The weighted average maturity of investments is 2.65 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, 2019

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, 2019 follows:

Measurement\ Investment Type	Measurement Value	% of Total
<i>Amortized cost:</i>		
STAR Ohio	\$ 97,691	0.93
<i>Fair value:</i>		
FHLMC	1,449,166	13.79
FNMA	748,855	7.13
FFCB	1,728,745	16.46
FHLB	1,128,575	10.74
Negotiable CDs	3,742,766	35.62
Commercial paper	1,424,259	13.56
U.S. Treasury note	138,606	1.32
U.S. Government money market	<u>47,023</u>	<u>0.45</u>
Total	<u>\$ 10,505,686</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, 2019:

Cash and investments per note

Carrying amount of deposits	\$ 5,715,434
Investments	10,505,686
Cash in segregated accounts	933,778
Cash on hand	<u>2,250</u>
Total	<u>\$ 17,157,148</u>

Cash and cash equivalents per statement of net position

Governmental activities	\$ 8,714,847
Business-type activities	8,339,836
Agency fund	<u>102,465</u>
Total	<u>\$ 17,157,148</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers

During 2019, 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	\$	4,350,000
Capital improvement		410,000
Nonmajor governmental funds		867,019
<u>Transfer from nonmajor governmental funds to:</u>		
Nonmajor governmental funds		101,000
<u>Transfer from the sewer fund to:</u>		
Nonmajor bond retirement funds		<u>15,489</u>
Total transfers	\$	<u><u>5,743,508</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Transfers between enterprise funds are eliminated for reporting on the government-wide financial statements. Transfers between governmental activities and business-type activities are reported as transfers in the statement of activities.

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

B. Due To/From Other Funds

Interfund balances at December 31, 2019, as reported on the fund statements, consist of the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 2,402

The purpose of the amount due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. The interfund balance will be repaid once the anticipated revenues are received and is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net position.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Defiance. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2019 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 2019 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, 2019 was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2019 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 204,404,700
Commercial/industrial/mineral	95,472,790
<u>Public utility</u>	
Real	55,040
Personal	29,005,690
Total assessed value	<u>\$ 328,938,220</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, 2019. Income tax revenue for 2019 was \$10,895,274 on the modified accrual basis of accounting.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - RECEIVABLES

Receivables at December 31, 2019 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, 2019.

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

Governmental activities:

Income taxes	\$1,657,289
Property and other local taxes	904,658
Accounts	165,971
Loans receivable	732,441
Special assessments	117,123
Accrued interest	22,356
Due from other governments	669,962

Business-type activities:

Accounts	368,999
Special assessments	17,661
Accrued interest	35,494
Due from other governments	411

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, 2019

NOTE 9 - CAPITAL ASSETS

The following activity occurred in the City's governmental activities capital assets during 2019:

<u>Governmental activities:</u>	Balance <u>January 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31, 2019</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,387,788	\$ 149,920	\$ -	\$ 1,537,708
Construction in progress	<u>2,974,016</u>	<u>522,139</u>	<u>(2,711,136)</u>	<u>785,019</u>
<i>Total capital assets, not being depreciated</i>	<u>4,361,804</u>	<u>672,059</u>	<u>(2,711,136)</u>	<u>2,322,727</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	10,047,288	1,256,886	-	11,304,174
Improvements other than buildings	3,499,533	727,502	-	4,227,035
Equipment	3,009,375	755,220	(71,805)	3,692,790
Vehicles	3,812,925	331,550	(481,734)	3,662,741
Infrastructure	<u>26,333,940</u>	<u>1,787,435</u>	<u>-</u>	<u>28,121,375</u>
<i>Total capital assets, being depreciated</i>	<u>46,703,061</u>	<u>4,858,593</u>	<u>(553,539)</u>	<u>51,008,115</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(4,990,006)	(308,866)	-	(5,298,872)
Improvements other than buildings	(1,330,006)	(154,638)	-	(1,484,644)
Equipment	(2,144,515)	(173,446)	50,739	(2,267,222)
Vehicles	(2,602,922)	(173,927)	394,094	(2,382,755)
Infrastructure	<u>(12,937,756)</u>	<u>(773,068)</u>	<u>-</u>	<u>(13,710,824)</u>
<i>Total accumulated depreciation</i>	<u>(24,005,205)</u>	<u>(1,583,945)</u>	<u>444,833</u>	<u>(25,144,317)</u>
Total capital assets, net	<u><u>\$ 27,059,660</u></u>	<u><u>\$ 3,946,707</u></u>	<u><u>\$ (2,819,842)</u></u>	<u><u>\$ 28,186,525</u></u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
General government	\$ 233,061
Security of persons and property	229,555
Public health and welfare	60,291
Transportation	846,829
Community environment	38,977
Leisure time activity	<u>175,232</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,583,945</u></u>

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - CAPITAL ASSETS - (Continued)

The following activity occurred in the City's business-type activities capital assets during 2019:

	Balance			Balance
Business-type activities:	<u>January 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2019</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 662,207	\$ -	\$ -	\$ 662,207
Construction in progress	<u>6,852,223</u>	<u>3,852,419</u>	<u>(7,100,416)</u>	<u>3,604,226</u>
<i>Total capital assets, not being depreciated</i>	<u>7,514,430</u>	<u>3,852,419</u>	<u>(7,100,416)</u>	<u>4,266,433</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,075,276	10,285	-	1,085,561
Buildings and improvements	30,361,683	480,243	-	30,841,926
Equipment	4,676,333	1,875,118	(31,458)	6,519,993
Vehicles	1,210,577	264,353	(23,025)	1,451,905
Infrastructure	<u>70,963,405</u>	<u>7,070,240</u>	<u>-</u>	<u>78,033,645</u>
<i>Total capital assets, being depreciated</i>	<u>108,287,274</u>	<u>9,700,239</u>	<u>(54,483)</u>	<u>117,933,030</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(812,187)	(35,104)	-	(847,291)
Buildings and improvements	(15,953,177)	(685,599)	-	(16,638,776)
Equipment	(2,675,951)	(297,025)	6,438	(2,966,538)
Vehicles	(895,058)	(67,574)	23,025	(939,607)
Infrastructure	<u>(18,912,249)</u>	<u>(1,379,251)</u>	<u>-</u>	<u>(20,291,500)</u>
<i>Total accumulated depreciation</i>	<u>(39,248,622)</u>	<u>(2,464,553)</u>	<u>29,463</u>	<u>(41,683,712)</u>
Total capital assets, net	<u>\$ 76,553,082</u>	<u>\$ 11,088,105</u>	<u>\$ (7,125,436)</u>	<u>\$ 80,515,751</u>

During 2019, the cost of an equipment capital asset was reclassified to the vehicles capital asset classification in the amount of \$17,828 in the water fund. This activity is presented in the additions and disposal columns above.

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

Business-type activities:	
Sewer	\$ 1,500,550
Water	<u>964,003</u>
Total depreciation expense - business-type activities	<u>\$ 2,464,553</u>

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CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 \$513,407 at December 31, 2019. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service. Upon retirement, an employee is paid a percentage of his accumulated sick leave within various limits. The total obligation for sick leave for the City as a whole amounted to \$516,300 at December 31, 2019. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

NOTE 11 - CAPITAL LEASES

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

The tractor has been capitalized in the governmental activities. The cost of the capital asset resulting from the capital lease in the governmental activities totals \$196,890, which represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2019, this asset has been disposed of, and is no longer included in capital assets. Principal payments in 2019 totaled \$50,487. The capital lease payments were made from the capital improvements fund. As of December 31, 2019, the City has no obligation outstanding related to this lease.

In 2019, the City entered into a capital lease agreement for a tractor. This lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The tractor has been capitalized in the governmental activities. The cost of the capital asset resulting from the capital lease in the governmental activities totals \$196,924, which represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2019, accumulated depreciation was \$9,846, resulting in a net book value of \$187,078. 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - CAPITAL LEASES - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement, and the present value of the minimum lease payments as of December 31, 2019:

Year Ending December 31,	Amount
2020	\$ 45,183
2021	45,183
2022	45,183
2023	45,183
2024	45,183
	<hr/>
Total	225,915
Less: amount representing interest	(28,991)
	<hr/>
Present value of net minimum lease payments	\$ 196,924

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2019, the following changes occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Amount Due in One Year
General obligation bonds:					
Series 2011 Bonds - 2.00-4.00%	\$ 2,880,000	\$ -	\$ (185,000)	\$ 2,695,000	\$ 190,000
Series 2018 Bonds - Ambulance - 2.86%	202,000	-	(37,000)	165,000	39,000
Series 2018 Bonds - S. Clinton St. - 2.86%	253,000	-	(47,000)	206,000	49,000
Series 2018 Bonds - Splash Pad - 2.86%	908,000	-	(167,000)	741,000	177,000
Total general obligation bonds	<hr/> 4,243,000	<hr/> -	<hr/> (436,000)	<hr/> 3,807,000	<hr/> 455,000
Land acquisition bonds - 2.75%	2,000,000	-	(109,518)	1,890,482	112,530
OWDA loan - 0%	1,748,385	-	(116,559)	1,631,826	116,559
Capital lease obligation	50,487	196,924	(50,487)	196,924	35,809
Net pension liability	12,710,741	5,826,235	-	18,536,976	-
Net OPEB liability	11,117,689	512,383	(7,290,531)	4,339,541	-
Compensated absences	754,001	414,165	(363,218)	804,948	366,080
Total	<hr/> \$ 32,624,303	<hr/> \$ 6,949,707	<hr/> \$ (8,366,313)	31,207,697	<hr/> \$ 1,085,978
Add: unamortized bond premium				<hr/> 25,065	
Total on statement of net position				<hr/> \$ 31,232,762	

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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 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).

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).

OWDA Loan

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

Capital Lease Obligation

The capital lease obligation is described in Note 11.

Compensated Absences

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

Net Pension Liability 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

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

<u>Year Ending</u>	<u>General Obligation Bonds</u>			<u>OWDA Loan</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>
2020	\$ 455,000	\$ 125,129	\$ 580,129	\$ 116,559
2021	469,000	111,849	580,849	116,559
2022	482,000	98,162	580,162	116,559
2023	496,000	84,098	580,098	116,559
2024	210,000	69,112	279,112	116,559
2025 - 2029	1,165,000	233,658	1,398,658	582,795
2030 - 2033	530,000	31,200	561,200	466,236
Total	<u>\$ 3,807,000</u>	<u>\$ 753,208</u>	<u>\$ 4,560,208</u>	<u>\$ 1,631,826</u>

<u>Year Ending</u>	<u>Land Acquisition Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 112,530	\$ 51,988	\$ 164,518
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 - 2029	680,819	141,773	822,592
2030 - 2033	615,204	42,869	658,073
Total	<u>\$ 1,890,482</u>	<u>\$ 412,775</u>	<u>\$ 2,303,257</u>

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, 2019, the City's voted debt margin was \$29,462,760 and the unvoted debt margin was \$18,091,602.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities Long-Term Obligations

During 2019, the following changes occurred in business-type activities long-term obligations.

<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 1/1/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>						
Waterworks - Series 2016 Refunding:						
Current interest bonds	0.75-2.23%	\$ 1,995,000	\$ -	\$ (485,000)	\$ 1,510,000	\$ -
Capital appreciation bonds	2.15%	209,999	-	-	209,999	209,999
Accreted interest		118,206	72,709	-	190,915	190,915
Waterworks - Series 2016A Refunding	3.00%	775,000	-	(375,000)	400,000	400,000
Sewer - Series 2016B Improvement	3.00%	1,690,000	-	(330,000)	1,360,000	325,000
Sewer - Series 2018 CSO	2.86%	3,157,000	-	(253,000)	2,904,000	282,000
Sewer - Water Meter Sewer Portion 2019	2.41%	-	1,062,500	(107,500)	955,000	95,000
Water - Water Meter Bond 2019	2.41%	-	1,062,500	(107,500)	955,000	95,000
Water - Water Utility 2019	2.41%	-	710,000	(70,000)	640,000	65,000
Sewer - Sewer Utility 2019	2.41%	-	510,000	(50,000)	460,000	45,000
Total general obligation bonds		<u>7,945,205</u>	<u>3,417,709</u>	<u>(1,778,000)</u>	<u>9,584,914</u>	<u>1,707,914</u>
<u>Other long-term obligations:</u>						
OWDA loans	0.00-4.14%	28,006,203	1,499,010	(2,255,294)	27,249,919	1,844,477
OPWC loans	0.00%	2,299,029	-	(134,113)	2,164,916	67,057
Net pension liability		2,178,697	1,713,925	-	3,892,622	-
Net OPEB liability		1,600,583	367,751	-	1,968,334	-
Compensated absences		194,517	154,017	(123,775)	224,759	147,327
Total other long-term obligations		<u>34,279,029</u>	<u>3,734,703</u>	<u>(2,513,182)</u>	<u>35,500,550</u>	<u>2,058,861</u>
Total		<u>\$ 42,224,234</u>	<u>\$ 7,152,412</u>	<u>\$ (4,291,182)</u>	<u>45,085,464</u>	<u>\$ 3,766,775</u>
Add: unamortized bond premium					<u>222,412</u>	
Total on statement of net position					<u>\$ 45,307,876</u>	

General Obligation Bonds

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

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

The Series 2016 Bonds are comprised of both current interest bonds, par value \$2,970,000, and capital appreciation bonds, par value \$209,999. The interest rates on the current interest bonds range from 0.75% to 2.23%. The capital appreciation bonds mature on December 1, 2020 (approximate initial offering yield to maturity 2.15%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$490,000. A total of \$190,915 in accreted interest on the capital appreciation bonds has been included on the statement of net position at December 31, 2019.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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.

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

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

On February 18, 2016, the City issued Series 2016B Sanitary Sewerage System Improvement Bonds, par value \$2,620,000. The proceeds of this issue were used to retire \$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.

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.

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. At December 31, 2019, the water fund had \$653,356 in unspent proceeds related to this bond issue and the sewer fund had \$60,587 in unspent proceeds relate to this bond issue.

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			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,307,000	\$ 236,198	\$ 1,543,198	\$ 209,999	\$ 280,001	\$ 490,000
2021	1,422,000	202,405	1,624,405	-	-	-
2022	1,466,000	167,586	1,633,586	-	-	-
2023	1,506,000	130,534	1,636,534	-	-	-
2024	652,000	91,672	743,672	-	-	-
2025 - 2028	<u>2,831,000</u>	<u>188,687</u>	<u>3,019,687</u>	-	-	-
Total	<u>\$ 9,184,000</u>	<u>\$ 1,017,082</u>	<u>\$ 10,201,082</u>	<u>\$ 209,999</u>	<u>\$ 280,001</u>	<u>\$ 490,000</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans

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

At December 31, 2019, the City had the following OWDA loans outstanding:

Purpose	Interest Rate	Maturity Date	Balance Outstanding 12/31/2019
<u>Sewer Fund:</u>			
Wastewater treatment plant improvements	3.91%	7/1/2020	\$ 287,612
Group 6 sewer planning	3.25%	7/1/2029	278,502
Group 4 sewer design	3.25%	1/1/2029	450,769
Group 1/3 combined sewer separation	3.36%	1/1/2030	2,502,734
Group 2 express sewer	3.36%	1/1/2030	1,422,183
Group 5 sewer planning/SSES	3.25%	1/1/2031	287,556
Group 6 sewer design	3.25%	1/1/2030	239,849
Group 4 sewer separation	3.53%	1/1/2031	4,115,100
Group 5 design	4.14%	1/1/2031	120,081
Group 31A river intrusion elimination project	4.14%	1/1/2031	323,614
Group 6 sewer separation	3.70%	1/1/2031	1,346,339
Group 5 sewer separation	3.25%	1/1/2031	2,134,957
Group 12/14 sewer planning	2.62%	7/1/2031	348,137
LTCP planning	3.28%	1/1/2034	366,223
Group 14/15 sewer separation	2.45%	1/1/2034	1,644,764
2012 CSO long-term control planning	2.69%	1/1/2034	320,997
CSO LTCP planning pace - year 2013	2.38%	7/1/2035	413,704
Group 13 inflow reduction	3.40%	7/1/2034	271,344
CSO LTCP planning - year 2015	2.03%	1/1/2036	312,229
College Place inflow reduction CSO	0.00%	1/1/2039	1,139,366
<u>"Open" OWDA Loan</u>			
Auglaize interceptor sewer rehab	1.83%	1/1/2037	476,097
East High Street inflow reduction CSO	0.00%	1/1/2039	2,642,271
Group 9.1 & 9.3 inflow reduction CSO	0.00%	1/1/2041	201,857
UV Disinfection Improvements	1.22%	7/1/2040	161,096
			<u>21,807,381</u>
<u>Water Fund:</u>			
Reservoir construction	4.09%	7/1/2037	<u>5,442,538</u>
Total OWDA loans			<u>\$ 27,249,919</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future sewer revenues and water revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and water fund revenues, and are payable through 2041. Annual principal and interest payments on the loans are expected to require 56.12 percent of net revenues and 22.59 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$29,066,641. Principal and interest paid for the current year was \$3,041,407, total net revenues were \$5,419,895 and total revenues were \$13,461,724.

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, 2019):

Year Ending	OWDA Loans Payable		
	Principal	Interest	Total
2020	\$ 1,844,477	\$ 710,729	\$ 2,555,206
2021	1,608,337	659,160	2,267,497
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 - 2029	9,722,045	1,684,190	11,406,235
2030 - 2034	4,131,135	503,544	4,634,679
2035 - 2039	<u>1,310,413</u>	<u>63,295</u>	<u>1,373,708</u>
Total	<u>\$ 23,768,598</u>	<u>\$ 5,298,043</u>	<u>\$ 29,066,641</u>

OPWC Loans

Improvements to the City’s water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2019, the City has the following loans outstanding with OPWC:

	Interest Rate	Maturity Date	Balance Outstanding 12/31/2019
<u>Water Fund:</u>			
OPWC loan	0.00%	7/1/2037	\$ 2,159,561
<u>Sewer Fund:</u>			
OPWC loan	0.00%	7/1/2020	<u>5,355</u>
Total OPWC loans			<u>\$ 2,164,916</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

Future Debt Service Requirements

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

Year Ending	OPWC Loans Payable		
	Principal	Interest	Total
2020	\$ 67,057	\$ -	\$ 67,057
2021	123,403	-	123,403
2022	123,404	-	123,404
2023	123,403	-	123,403
2024	123,404	-	123,404
2025 - 2029	617,017	-	617,017
2030 - 2034	617,018	-	617,018
2035 - 2037	370,210	-	370,210
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 2019, 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 2019 totaled \$176,123.

For the plan year, which includes December 31, 2019, 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, 2019

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, 2019, the Pool had total reported assets of \$7,570,069. The 2019 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 2019, the City paid \$3,294,156 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2019 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. In 2019, the City paid \$0 in net workers’ compensation premiums and administrative costs, after discounts and rebates.

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 2019, the City paid \$0 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, 2019**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

The proportionate share of each plan’s unfunded benefits 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.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

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

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee*	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits**	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

** 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 \$765,838 for 2019. Of this amount, \$83,176 is reported as due to other governments.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 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 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$913,883 for 2019. Of this amount, \$102,319 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 Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.03473000%	0.03249500%	0.09088000%	0.15382600%	
Proportion of the net pension liability/asset current measurement date	<u>0.03525800%</u>	<u>0.03240600%</u>	<u>0.09298200%</u>	<u>0.15648300%</u>	
Change in proportionate share	<u>0.00052800%</u>	<u>-0.00008900%</u>	<u>0.00210200%</u>	<u>0.00265700%</u>	
Proportionate share of the net pension liability	\$ 9,656,450	\$ -	\$ -	\$ 12,773,148	\$ 22,429,598
Proportionate share of the net pension asset	-	36,237	2,119	-	38,356
Pension expense	2,335,551	10,056	(549)	1,790,512	4,135,570

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2019, 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
Deferred outflows of resources					
Differences between expected and actual experience	\$ 447	\$ -	\$ 8,820	\$ 524,798	\$ 534,065
Net difference between projected and actual earnings on pension plan investments	1,310,652	7,811	704	1,573,642	2,892,809
Changes of assumptions	840,617	8,092	657	338,634	1,188,000
Changes in employer's proportionate percentage/difference between employer contributions	141,786	-	-	279,702	421,488
Contributions subsequent to the measurement date	688,557	22,985	54,296	913,883	1,679,721
Total deferred outflows of resources	<u>\$ 2,982,059</u>	<u>\$ 38,888</u>	<u>\$ 64,477</u>	<u>\$ 3,630,659</u>	<u>\$ 6,716,083</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 126,795	\$ 14,801	\$ -	\$ 11,929	\$ 153,525
Changes in employer's proportionate percentage/difference between employer contributions	-	-	-	32,594	32,594
Total deferred inflows of resources	<u>\$ 126,795</u>	<u>\$ 14,801</u>	<u>\$ -</u>	<u>\$ 44,523</u>	<u>\$ 186,119</u>

\$1,679,721 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, 2020.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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
2020	\$ 985,959	\$ 1,226	\$ 1,466	\$ 846,924	\$ 1,835,575
2021	449,608	(331)	1,343	505,082	955,702
2022	121,591	(170)	1,362	533,775	656,558
2023	609,549	2,274	1,640	741,823	1,355,286
2024	-	(933)	1,213	44,649	44,929
Thereafter	-	(964)	3,157	-	2,193
Total	\$ 2,166,707	\$ 1,102	\$ 10,181	\$ 2,672,253	\$ 4,850,243

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, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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 for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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.

During 2018, 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 a loss of 2.94% for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

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, 2018 was 7.50%. 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 14,265,387	\$ 9,656,451	\$ 5,826,385
Combined Plan	(11,990)	(36,237)	(53,794)
Member-Directed Plan	(930)	(2,119)	(3,719)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	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%

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

<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 recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy 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, 2018 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	\$ 16,789,422	\$ 12,773,148	\$ 9,416,970

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - 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.

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' CAFR 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 requiring 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. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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 2019 was 4.00%.

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The City's contractually required contribution was \$21,718 for 2019. Of this amount, \$2,359 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 healthcare 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. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government 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 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.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, 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 and is limited by the provisions of Sections 115 and 401(h).

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$21,527 for 2019. Of this amount, \$2,410 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, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.03686000%	0.15382600%	
Proportion of the net OPEB liability current measurement date	<u>0.03745200%</u>	<u>0.15648300%</u>	
Change in proportionate share	<u>0.00059200%</u>	<u>0.00265700%</u>	
Proportionate share of the net OPEB liability	\$ 4,882,857	\$ 1,425,018	\$ 6,307,875
OPEB expense	\$ 515,588	\$ (7,032,639)	\$ (6,517,051)

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,653	\$ -	\$ 1,653
Net difference between projected and actual earnings on OPEB plan investments	223,849	48,238	272,087
Changes of assumptions	157,428	738,661	896,089
Changes in employer's proportionate percentage/difference between employer contributions	94,390	118,149	212,539
Contributions subsequent to the measurement date	21,718	21,527	43,245
Total deferred outflows of resources	<u>\$ 499,038</u>	<u>\$ 926,575</u>	<u>\$ 1,425,613</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 13,248	\$ 38,178	\$ 51,426
Changes of assumptions	-	394,512	394,512
Changes in employer's proportionate percentage/difference between employer contributions	375	37,520	37,895
Total deferred inflows of resources	<u>\$ 13,623</u>	<u>\$ 470,210</u>	<u>\$ 483,833</u>

\$43,245 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, 2020.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2020	\$ 239,337	\$ 76,327	\$ 315,664
2021	73,949	76,327	150,276
2022	37,647	76,327	113,974
2023	112,764	90,916	203,680
2024	-	67,916	67,916
Thereafter	-	47,025	47,025
Total	\$ 463,697	\$ 434,838	\$ 898,535

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan 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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB 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.

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.

During 2018, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is a loss of 5.60% for 2018.

The allocation of investment assets with 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 table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 6,246,994	\$ 4,882,857	\$ 3,798,007

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 2019 is 10.00%. 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 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 4,693,485	\$ 4,882,857	\$ 5,100,962

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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 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, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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%

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

Age	Police	Fire
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, 2018, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. 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 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 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,736,061	\$ 1,425,018	\$ 1,163,924

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

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);

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (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

	<u>General</u>	<u>Police and Fire</u>
Budget basis	\$ (478,778)	\$ 49,464
Net adjustment for revenue accruals	126,293	(54,866)
Net adjustment for expenditure accruals	3,192	(58,270)
Funds budgeted elsewhere	(1,567)	-
Adjustment for encumbrances	<u>109,661</u>	<u>45,263</u>
GAAP basis	<u>\$ (241,199)</u>	<u>\$ (18,409)</u>

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.

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 1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
CDBG loans	<u>\$ 803,542</u>	<u>\$ 120,000</u>	<u>\$ (191,101)</u>	<u>\$ 732,441</u>

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019.

B. Litigation

At December 31, 2019, 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, 2019.

NOTE 19 - CONTRACTUAL COMMITMENTS

At December 31, 2019, the City had the following outstanding contractual commitments:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Mannik & Smith Group	\$ 411,911	271,503	140,408
Treasurer of State of Ohio	104,853	10,485	94,368
DLZ Ohio, Inc.	57,320	42,588	14,732
Helm & Sons Excavating, LLC	92,798	23,687	69,111
Loop Asphalt Services, LLC	103,552	26,436	77,116
DWA Recreation	77,490	19,373	58,117
DGL Consulting, Inc.	301,353	141,299	160,054
Poggemeyer Design Group, Inc.	75,768	35,057	40,711
Burgess & Niple, Inc.	203,730	194,840	8,890
Hoff Consulting Services	8,750	8,239	511
Underground Utilities	887,974	214,818	673,156
Bockrath & Associates	59,650	10,570	49,080
TTL Associates, Inc.	8,801	8,423	378
Kirk Borthers Co, Inc.	2,153,000	161,096	1,991,904
Vernon Nagel, Inc.	284,018	201,857	82,161
Environmental Remediation Contractor	243,878	225,863	18,015
Henry W. Bergman, Inc.	25,635	20,610	5,025
Tetra Tech, Inc.	14,988	168	14,820
Jones & Henry Engineers, Ltd.	249,000	167,757	81,243
Stantec Consulting Services, Inc.	268,922	166,406	102,516
Total contractual commitments	<u>\$ 5,633,391</u>	<u>\$ 1,951,075</u>	<u>\$ 3,682,316</u>

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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	\$ 80,604
Police and fire	11,180
Capital improvements	426,092
Nonmajor governmental funds	<u>27,212</u>
Total	<u>\$ 545,088</u>

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	<u>5,792</u>	-	-	-	<u>5,792</u>
Total nonspendable	<u>5,792</u>	-	-	<u>57,094</u>	<u>62,886</u>
Restricted:					
Debt service	-	-	-	621,729	621,729
Capital projects	-	-	-	5,541	5,541
Street construction, maintenance & repair	-	-	-	571,299	571,299
Police and fire pension	-	-	-	102,159	102,159
Court programs	-	-	-	887,662	887,662
Community development programs	-	-	-	43,751	43,751
Probation programs	-	-	-	189,103	189,103
Police and fire programs	-	268,937	-	89,943	358,880
Revolving loan program	-	-	-	1,230,893	1,230,893
Museum trust	-	-	-	592,939	592,939
Other purposes	-	-	-	<u>279,375</u>	<u>279,375</u>
Total restricted	<u>-</u>	<u>268,937</u>	<u>-</u>	<u>4,614,394</u>	<u>4,883,331</u>
Committed:					
Capital projects	-	-	1,174,169	-	1,174,169
Other purposes	-	-	-	<u>6,242</u>	<u>6,242</u>
Total committed	<u>-</u>	<u>-</u>	<u>1,174,169</u>	<u>6,242</u>	<u>1,180,411</u>
Assigned:					
Subsequent year appropriations	161,025	-	-	-	161,025
Debt Service	-	-	-	1	1
Health Care Trust	457,250	-	-	-	457,250
Other purposes	<u>72,993</u>	-	-	-	<u>72,993</u>
Total assigned	<u>691,268</u>	-	-	<u>1</u>	<u>691,269</u>
Unassigned	<u>3,785,296</u>	-	-	<u>(2,402)</u>	<u>3,782,894</u>
Total fund balances	<u>\$ 4,482,356</u>	<u>\$ 268,937</u>	<u>\$ 1,174,169</u>	<u>\$ 4,675,329</u>	<u>\$ 10,600,791</u>

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 2019 was \$6,352,562. The total value of taxes abated for 2019 was \$19,058.

NOTE 23 - SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of the losses that will be recognized in subsequent periods, if any, cannot be determined. In addition the impact on the City's future operating costs, revenue, and any recovery from emergency funding, either federal or state, cannot be estimated.

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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 SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.035258%	0.034730%	0.033093%	0.032196%
City's proportionate share of the net pension liability	\$ 9,656,450	\$ 5,448,464	\$ 7,514,858	\$ 5,576,753
City's covered payroll	\$ 4,746,564	\$ 4,650,831	\$ 4,316,075	\$ 4,056,008
City's proportionate share of the net pension liability as a percentage of its covered payroll	203.44%	117.15%	174.11%	137.49%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.032406%	0.032495%	0.051442%	0.057060%
City's proportionate share of the net pension asset	\$ 36,237	\$ 44,236	\$ 28,631	\$ 27,767
City's covered payroll	\$ 138,600	\$ 133,085	\$ 200,242	\$ 193,458
City's proportionate share of the net pension asset as a percentage of its covered payroll	26.15%	33.24%	14.30%	14.35%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.092982%	0.090880%	0.092801%	0.088535%
City's proportionate share of the net pension asset	\$ 2,119	\$ 3,172	\$ 387	\$ 338
City's covered payroll	\$ 531,520	\$ 498,100	\$ 381,383	\$ 493,075
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.64%	0.10%	0.07%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.45%	103.40%	103.91%

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>2015</u>	<u>2014</u>
	0.032678%	0.032678%
\$	3,941,332	\$ 3,852,309
\$	3,871,183	\$ 3,809,092
	101.81%	101.13%
	86.45%	86.36%
	0.054957%	0.054957%
\$	21,160	\$ 5,767
\$	200,892	\$ 173,162
	10.53%	3.33%
	114.83%	104.56%
	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 SIX YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.15648300%	0.15382600%	0.15463300%	0.15285400%
City's proportionate share of the net pension liability	\$ 12,773,148	\$ 9,440,974	\$ 9,794,294	\$ 9,833,171
City's covered payroll	\$ 3,553,488	\$ 3,400,922	\$ 3,380,349	\$ 3,147,448
City's proportionate share of the net pension liability as a percentage of its covered payroll	359.45%	277.60%	289.74%	312.42%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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>2015</u>	<u>2014</u>
0.14738390%	0.14738390%
\$ 7,635,101	\$ 7,178,059
\$ 2,851,291	\$ 2,710,020
267.78%	264.87%
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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 688,557	\$ 664,519	\$ 604,608	\$ 517,929
Contributions in relation to the contractually required contribution	<u>(688,557)</u>	<u>(664,519)</u>	<u>(604,608)</u>	<u>(517,929)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,918,264	\$ 4,746,564	\$ 4,650,831	\$ 4,316,075
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 22,985	\$ 19,404	\$ 17,301	\$ 24,029
Contributions in relation to the contractually required contribution	<u>(22,985)</u>	<u>(19,404)</u>	<u>(17,301)</u>	<u>(24,029)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 164,179	\$ 138,600	\$ 133,085	\$ 200,242
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 54,296	\$ 53,152	\$ 49,810	\$ 45,766
Contributions in relation to the contractually required contribution	<u>(54,296)</u>	<u>(53,152)</u>	<u>(49,810)</u>	<u>(45,766)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 542,960	\$ 531,520	\$ 498,100	\$ 381,383
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 486,721	\$ 464,542	\$ 495,182	\$ 379,087	\$ 405,857	\$ 360,086
<u>(486,721)</u>	<u>(464,542)</u>	<u>(495,182)</u>	<u>(379,087)</u>	<u>(405,857)</u>	<u>(360,086)</u>
<u>\$ -</u>					
\$ 4,056,008	\$ 3,871,183	\$ 3,809,092	\$ 3,790,870	\$ 4,058,570	\$ 4,036,839
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ 23,215	\$ 24,107	\$ 22,511	\$ 13,518	\$ 13,546	\$ 15,599
<u>(23,215)</u>	<u>(24,107)</u>	<u>(22,511)</u>	<u>(13,518)</u>	<u>(13,546)</u>	<u>(15,599)</u>
<u>\$ -</u>					
\$ 193,458	\$ 200,892	\$ 173,162	\$ 170,038	\$ 170,390	\$ 160,980
12.00%	12.00%	13.00%	7.95%	7.95%	9.69%
\$ 59,169					
<u>(59,169)</u>					
<u>\$ -</u>					
\$ 493,075					
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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 413,167	\$ 374,164	\$ 357,329	\$ 356,195
Contributions in relation to the contractually required contribution	<u>(413,167)</u>	<u>(374,164)</u>	<u>(357,329)</u>	<u>(356,195)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,174,563	\$ 1,969,284	\$ 1,880,679	\$ 1,874,711
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 500,716	\$ 372,288	\$ 357,257	\$ 353,825
Contributions in relation to the contractually required contribution	<u>(500,716)</u>	<u>(372,288)</u>	<u>(357,257)</u>	<u>(353,825)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,130,706	\$ 1,584,204	\$ 1,520,243	\$ 1,505,638
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 326,523	\$ 304,580	\$ 253,276	\$ 200,811	\$ 210,059	\$ 212,356
<u>(326,523)</u>	<u>(304,580)</u>	<u>(253,276)</u>	<u>(200,811)</u>	<u>(210,059)</u>	<u>(212,356)</u>
<u>\$ -</u>					
\$ 1,718,542	\$ 1,603,053	\$ 1,594,602	\$ 1,574,988	\$ 1,647,522	\$ 1,665,537
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
\$ 335,793	\$ 293,336	\$ 227,254	\$ 200,587	\$ 215,516	\$ 221,543
<u>(335,793)</u>	<u>(293,336)</u>	<u>(227,254)</u>	<u>(200,587)</u>	<u>(215,516)</u>	<u>(221,543)</u>
<u>\$ -</u>					
\$ 1,428,906	\$ 1,248,238	\$ 1,114,901	\$ 1,162,823	\$ 1,249,368	\$ 1,284,307
23.50%	23.50%	20.38%	17.25%	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 THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.037452%	0.036860%	0.035763%
City's proportionate share of the net OPEB liability	\$ 4,882,857	\$ 4,002,723	\$ 3,612,247
City's covered payroll	\$ 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	90.14%	75.78%	73.75%
Plan fiduciary net position as a percentage of the total OPEB liability	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 THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.15648300%	0.15826000%	0.15463300%
City's proportionate share of the net OPEB liability	\$ 1,425,018	\$ 8,715,549	\$ 7,340,081
City's covered payroll	\$ 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	40.10%	256.27%	217.14%
Plan fiduciary net position as a percentage of the total OPEB liability	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 21,718	\$ 21,260	\$ 67,763	\$ 112,005
Contributions in relation to the contractually required contribution	<u>(21,718)</u>	<u>(21,260)</u>	<u>(67,763)</u>	<u>(112,005)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,625,403	\$ 5,416,684	\$ 5,282,016	\$ 4,897,700
Contributions as a percentage of covered payroll	0.39%	0.39%	1.28%	2.29%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 84,989	\$ 84,007	\$ 39,823	\$ 161,922	\$ 172,651	\$ 212,229
<u>(84,989)</u>	<u>(84,007)</u>	<u>(39,823)</u>	<u>(161,922)</u>	<u>(172,651)</u>	<u>(212,229)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,742,541	\$ 4,072,075	\$ 3,982,254	\$ 3,960,908	\$ 4,228,960	\$ 4,197,819
1.79%	2.06%	1.00%	4.09%	4.08%	5.06%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 10,873	\$ 9,846	\$ 9,403	\$ 9,374
Contributions in relation to the contractually required contribution	<u>(10,873)</u>	<u>(9,846)</u>	<u>(9,403)</u>	<u>(9,374)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,174,563	\$ 1,969,284	\$ 1,880,679	\$ 1,874,711
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 10,654	\$ 7,921	\$ 7,601	\$ 7,528
Contributions in relation to the contractually required contribution	<u>(10,654)</u>	<u>(7,921)</u>	<u>(7,601)</u>	<u>(7,528)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,130,706	\$ 1,584,204	\$ 1,520,243	\$ 1,505,638
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 8,825	\$ 8,427	\$ 52,900	\$ 106,312	\$ 111,208	\$ 112,424
<u>(8,825)</u>	<u>(8,427)</u>	<u>(52,900)</u>	<u>(106,312)</u>	<u>(111,208)</u>	<u>(112,424)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,718,542	\$ 1,603,053	\$ 1,594,602	\$ 1,574,988	\$ 1,647,522	\$ 1,665,537
0.50%	0.53%	3.32%	6.75%	6.75%	6.75%
\$ 7,145	\$ 6,432	\$ 37,212	\$ 78,490	\$ 84,333	\$ 86,691
<u>(7,145)</u>	<u>(6,432)</u>	<u>(37,212)</u>	<u>(78,490)</u>	<u>(84,333)</u>	<u>(86,691)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,428,906	\$ 1,248,238	\$ 1,114,901	\$ 1,162,823	\$ 1,249,368	\$ 1,284,307
0.50%	0.52%	3.34%	6.75%	6.75%	6.75%

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

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.

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.

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%.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Major Special Revenue Fund

Police and Fire Fund

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

Nonmajor Special Revenue Funds

State Highway Improvements Fund

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

Permissive Tax Fund

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

Street Construction, Maintenance and Repair Fund

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

Court Technology Grant

This fund accounts for a one-time state grant received to enhance Municipal Court Building security.

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.

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.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 7,260,354	\$ 7,260,354	\$ 7,234,559	\$ (25,795)
Property and other local taxes	594,820	594,820	603,172	8,352
Charges for services	765,700	765,700	725,730	(39,970)
Licenses, permits and fees	110,600	110,600	157,178	46,578
Fines and forfeitures	454,600	454,600	394,300	(60,300)
Intergovernmental	388,890	388,890	449,028	60,138
Investment income	140,000	140,000	153,918	13,918
Donations	-	-	2,180	2,180
Other	71,000	71,000	157,084	86,084
Total revenues	<u>9,785,964</u>	<u>9,785,964</u>	<u>9,877,149</u>	<u>91,185</u>
Expenditures:				
Current:				
General Government:				
City Council:				
Salaries and wages	39,285	40,037	36,250	3,787
Operating	36,741	37,078	35,384	1,694
Total city council	<u>76,026</u>	<u>77,115</u>	<u>71,634</u>	<u>5,481</u>
Municipal Court:				
Salaries and wages	886,769	894,892	854,009	40,883
Operating	49,522	49,976	47,693	2,283
Total municipal court	<u>936,291</u>	<u>944,868</u>	<u>901,702</u>	<u>43,166</u>
County Law Library:				
Operating	48,504	48,948	46,712	2,236
Total county law library	<u>48,504</u>	<u>48,948</u>	<u>46,712</u>	<u>2,236</u>
Mayor:				
Salaries and wages	103,784	105,321	97,582	7,739
Operating	15,127	15,265	14,568	697
Total mayor	<u>118,911</u>	<u>120,586</u>	<u>112,150</u>	<u>8,436</u>
City Administrator:				
Salaries and wages	86,482	87,834	81,027	6,807
Operating	39,863	40,228	38,390	1,838
Total city administrator	<u>126,345</u>	<u>128,062</u>	<u>119,417</u>	<u>8,645</u>
Finance Department:				
Salaries and wages	248,429	252,357	232,587	19,770
Operating	77,741	78,453	74,869	3,584
Total finance department	<u>326,170</u>	<u>330,810</u>	<u>307,456</u>	<u>23,354</u>
County and State Charges:				
Operating	58,159	58,691	56,010	2,681
Total county and state charges	<u>58,159</u>	<u>58,691</u>	<u>56,010</u>	<u>2,681</u>
Law Department:				
Salaries and wages	204,275	207,388	191,719	15,669
Operating	12,580	12,695	12,115	580
Total law department	<u>216,855</u>	<u>220,083</u>	<u>203,834</u>	<u>16,249</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civil Service:				
Salaries and wages	\$ 9,098	\$ 9,181	\$ 8,762	\$ 419
Operating	3,512	3,544	3,382	162
Total civil service	<u>12,610</u>	<u>12,725</u>	<u>12,144</u>	<u>581</u>
Land and Buildings:				
Salaries and wages	169,347	170,898	163,091	7,807
Operating	480,715	485,378	455,980	29,398
Total land and buildings	<u>650,062</u>	<u>656,276</u>	<u>619,071</u>	<u>37,205</u>
Insurance Pool:				
Operating	-	1,469	-	1,469
Total insurance pool	<u>-</u>	<u>1,469</u>	<u>-</u>	<u>1,469</u>
Income Tax Collection and Distribution:				
Salaries and wages	91,208	92,044	87,839	4,205
Operating	329,824	332,845	317,639	15,206
Total income tax collection and distribution	<u>421,032</u>	<u>424,889</u>	<u>405,478</u>	<u>19,411</u>
Total General Government	<u>2,990,965</u>	<u>3,024,522</u>	<u>2,855,608</u>	<u>168,914</u>
Public Health and Welfare:				
Cemetery:				
Salaries and wages	266,733	269,176	256,879	12,297
Operating	66,481	67,090	64,025	3,065
Total cemetery	<u>333,214</u>	<u>336,266</u>	<u>320,904</u>	<u>15,362</u>
Total Public Health and Welfare	<u>333,214</u>	<u>336,266</u>	<u>320,904</u>	<u>15,362</u>
Community Environment:				
Building Inspection:				
Salaries and wages	116,110	117,174	111,821	5,353
Operating	35,045	35,366	33,750	1,616
Total building inspection	<u>151,155</u>	<u>152,540</u>	<u>145,571</u>	<u>6,969</u>
Engineering:				
Salaries and wages	525,538	532,348	498,071	34,277
Operating	81,225	81,969	78,224	3,745
Total engineering.	<u>606,763</u>	<u>614,317</u>	<u>576,295</u>	<u>38,022</u>
Total Community Environment.	<u>757,918</u>	<u>766,857</u>	<u>721,866</u>	<u>44,991</u>
Leisure Time Activity:				
Parks and Recreation:				
Salaries and wages	429,708	433,644	413,833	19,811
Operating	319,889	322,819	308,071	14,748
Total parks and recreation	<u>749,597</u>	<u>756,463</u>	<u>721,904</u>	<u>34,559</u>
Total Leisure Time Activity	<u>749,597</u>	<u>756,463</u>	<u>721,904</u>	<u>34,559</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Economic Development:				
Development Department:				
Operating	\$ 128,708	\$ 131,640	\$ 116,884	\$ 14,756
Total development department	<u>128,708</u>	<u>131,640</u>	<u>116,884</u>	<u>14,756</u>
Total Economic Development	<u>128,708</u>	<u>131,640</u>	<u>116,884</u>	<u>14,756</u>
Total expenditures	<u>4,960,402</u>	<u>5,015,748</u>	<u>4,737,166</u>	<u>278,582</u>
Excess of revenues over expenditures	<u>4,825,562</u>	<u>4,770,216</u>	<u>5,139,983</u>	<u>369,767</u>
Other financing sources (uses):				
Sale of capital assets.	10,000	10,000	8,258	(1,742)
Transfers (out).	<u>(5,836,564)</u>	<u>(5,888,516)</u>	<u>(5,627,019)</u>	<u>261,497</u>
Total other financing sources (uses).	<u>(5,826,564)</u>	<u>(5,878,516)</u>	<u>(5,618,761)</u>	<u>259,755</u>
Net change in fund balances.	(1,001,002)	(1,108,300)	(478,778)	629,522
Fund balances at beginning of year.	3,408,301	3,408,301	3,408,301	-
Prior year encumbrances appropriated	<u>137,983</u>	<u>137,983</u>	<u>137,983</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,545,282</u>	<u>\$ 2,437,984</u>	<u>\$ 3,067,506</u>	<u>\$ 629,522</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,815,491	\$ 1,825,800	\$ 1,816,814	\$ (8,986)
Intergovernmental	338,509	330,000	338,756	8,756
Total revenues	<u>2,154,000</u>	<u>2,155,800</u>	<u>2,155,570</u>	<u>(230)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Salaries and wages	3,162,167	3,145,390	3,046,344	99,046
Operating	381,588	379,563	367,611	11,952
Total police	<u>3,543,755</u>	<u>3,524,953</u>	<u>3,413,955</u>	<u>110,998</u>
Fire:				
Salaries and wages	2,865,574	2,850,370	2,760,614	89,756
Operating	292,241	290,691	281,537	9,154
Total fire.	<u>3,157,815</u>	<u>3,141,060</u>	<u>3,042,151</u>	<u>98,909</u>
Total expenditures	<u>6,701,570</u>	<u>6,666,013</u>	<u>6,456,106</u>	<u>209,907</u>
Excess of expenditures over revenues	<u>(4,547,570)</u>	<u>(4,510,213)</u>	<u>(4,300,536)</u>	<u>209,677</u>
Other financing sources:				
Transfers in	4,350,000	4,350,000	4,350,000	-
Total other financing sources	<u>4,350,000</u>	<u>4,350,000</u>	<u>4,350,000</u>	<u>-</u>
Net change in fund balances	(197,570)	(160,213)	49,464	209,677
Fund balances at beginning of year.	197,864	197,864	197,864	-
Prior year encumbrances appropriated.	37,643	37,643	37,643	-
Fund balance at end of year	<u>\$ 37,937</u>	<u>\$ 75,294</u>	<u>\$ 284,971</u>	<u>\$ 209,677</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,993,940	\$ 1,824,000	\$ 1,816,814	\$ (7,186)
Intergovernmental	1,737,215	1,589,156	1,134,149	(455,007)
Donations	81,988	75,000	-	(75,000)
Other	-	-	166,294	166,294
Total revenues	<u>3,813,143</u>	<u>3,488,156</u>	<u>3,117,257</u>	<u>(370,899)</u>
Expenditures:				
Current:				
Capital Outlay:				
Operating	<u>4,025,691</u>	<u>4,112,213</u>	<u>3,315,485</u>	<u>796,728</u>
Total capital outlay	<u>4,025,691</u>	<u>4,112,213</u>	<u>3,315,485</u>	<u>796,728</u>
Debt Service:				
Principal retirement	72,000	72,000	72,000	-
Interest and fiscal charges	<u>105,808</u>	<u>105,808</u>	<u>105,808</u>	<u>-</u>
Total debt service	<u>177,808</u>	<u>177,808</u>	<u>177,808</u>	<u>-</u>
Total expenditures	<u>4,203,499</u>	<u>4,290,021</u>	<u>3,493,293</u>	<u>796,728</u>
Excess of expenditures over revenues	<u>(390,356)</u>	<u>(801,865)</u>	<u>(376,036)</u>	<u>425,829</u>
Other financing sources:				
Transfers in	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>-</u>
Total other financing sources	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>-</u>
Net change in fund balances	19,644	(391,865)	33,964	425,829
Fund balances at beginning of year	274,453	274,453	274,453	-
Prior year encumbrances appropriated	245,140	245,140	245,140	-
Fund balance at end of year	<u>\$ 539,237</u>	<u>\$ 127,728</u>	<u>\$ 553,557</u>	<u>\$ 425,829</u>

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,464,572	\$ 621,730	\$ 5,541	\$ 3,091,843
Cash in segregated accounts	587,713	-	-	587,713
Receivables (net of allowance for uncollectibles):				
Income taxes	4,640	-	-	4,640
Property and other local taxes.	257,223	-	-	257,223
Accounts	76,800	-	-	76,800
Loans receivable.	732,441	-	-	732,441
Special assessments.	-	117,123	-	117,123
Accrued interest.	4,291	-	-	4,291
Due from other governments	511,632	-	-	511,632
Materials and supplies inventory	57,094	-	-	57,094
Total assets	<u>\$ 4,696,406</u>	<u>\$ 738,853</u>	<u>\$ 5,541</u>	<u>\$ 5,440,800</u>
Liabilities:				
Accounts payable.	\$ 21,703	\$ -	\$ -	\$ 21,703
Accrued wages and benefits payable.	16,338	-	-	16,338
Due to other funds	2,402	-	-	2,402
Due to other governments	51,311	-	-	51,311
Total liabilities	<u>91,754</u>	<u>-</u>	<u>-</u>	<u>91,754</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	173,600	-	-	173,600
Accrued interest not available.	1,396	-	-	1,396
Special assessments revenue not available.	-	117,123	-	117,123
Miscellaneous revenue not available	52,834	-	-	52,834
Income tax revenue not available	1,373	-	-	1,373
Intergovernmental revenue not available	327,391	-	-	327,391
Total deferred inflows of resources.	<u>556,594</u>	<u>117,123</u>	<u>-</u>	<u>673,717</u>
Fund balances:				
Nonspendable	57,094	-	-	57,094
Restricted	3,987,124	621,729	5,541	4,614,394
Committed.	6,242	-	-	6,242
Assigned.	-	1	-	1
Unassigned (deficit).	(2,402)	-	-	(2,402)
Total fund balances.	<u>4,048,058</u>	<u>621,730</u>	<u>5,541</u>	<u>4,675,329</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,696,406</u>	<u>\$ 738,853</u>	<u>\$ 5,541</u>	<u>\$ 5,440,800</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Income taxes	\$ 30,561	\$ -	\$ -	\$ 30,561
Property and other local taxes	539,819	-	-	539,819
Licenses, permits and fees	210,552	-	-	210,552
Fines and forfeitures	318,151	-	-	318,151
Intergovernmental	1,366,372	-	-	1,366,372
Special assessments	-	124,530	-	124,530
Investment income	33,412	-	-	33,412
Donations	77,320	-	85,750	163,070
Increase in fair value of investments	85,042	-	-	85,042
Other	39,805	-	-	39,805
Total revenues.	<u>2,701,034</u>	<u>124,530</u>	<u>85,750</u>	<u>2,911,314</u>
Expenditures:				
Current:				
General government	608,738	4,527	-	613,265
Security of persons and property.	1,231,781	-	-	1,231,781
Transportation	973,132	-	-	973,132
Leisure time activity	270	-	-	270
Economic development	29,631	-	-	29,631
Debt service:				
Principal retirement.	197,000	226,077	167,000	590,077
Interest and fiscal charges	8,683	55,000	30,254	93,937
Total expenditures	<u>3,049,235</u>	<u>285,604</u>	<u>197,254</u>	<u>3,532,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(348,201)</u>	<u>(161,074)</u>	<u>(111,504)</u>	<u>(620,779)</u>
Other financing sources (uses):				
Transfers in	702,500	180,008	101,000	983,508
Transfers (out).	(101,000)	-	-	(101,000)
Total other financing sources (uses).	<u>601,500</u>	<u>180,008</u>	<u>101,000</u>	<u>882,508</u>
Net change in fund balances	253,299	18,934	(10,504)	261,729
Fund balances at beginning of year.	3,794,759	602,796	16,045	4,413,600
Fund balances at end of year	<u>\$ 4,048,058</u>	<u>\$ 621,730</u>	<u>\$ 5,541</u>	<u>\$ 4,675,329</u>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Indigent Drivers
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 136,433	\$ 61,535	\$ 230,578	\$ 38,598
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	4,640	-
Property and other local taxes.	-	-	-	-
Accounts	-	-	-	1,229
Loans receivable.	-	-	-	-
Accrued interest.	677	-	1,145	-
Due from other governments	36,660	-	463,172	-
Materials and supplies inventory	-	-	57,094	-
Total assets.	<u>\$ 173,770</u>	<u>\$ 61,535</u>	<u>\$ 756,629</u>	<u>\$ 39,827</u>
Liabilities:				
Accounts payable	\$ 297	\$ 925	\$ 19,491	\$ -
Accrued wages and benefits payable.	-	-	16,338	-
Due to other funds	-	-	-	-
Due to other governments	-	-	8,933	-
Total liabilities	<u>297</u>	<u>925</u>	<u>44,762</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	-
Accrued interest not available	220	373	-	-
Miscellaneous revenue not available.	-	-	-	-
Income tax revenue not available	-	1,373	-	-
Intergovernmental revenue not available	23,670	291,921	-	-
Total deferred inflows of resources.	<u>23,890</u>	<u>293,667</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	57,094	-
Restricted	149,583	60,610	361,106	39,827
Committed.	-	-	-	-
Unassigned (deficit).	-	-	-	-
Total fund balances	<u>149,583</u>	<u>60,610</u>	<u>418,200</u>	<u>39,827</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 173,770</u>	<u>\$ 355,202</u>	<u>\$ 462,962</u>	<u>\$ 39,827</u>

Municipal Probation Services	Probation Grant	Court Computerization	Tree of Life	Special Project	OVI Special Project
\$ 174,988	\$ 3,223	\$ 372,902	\$ 4,643	\$ 286,234	\$ 210,301
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,371	-	5,574	-	11,170	1,622
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 179,359</u>	<u>\$ 3,223</u>	<u>\$ 378,476</u>	<u>\$ 4,643</u>	<u>\$ 297,404</u>	<u>\$ 211,923</u>
\$ -	\$ 22	\$ 141	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
28	48	-	-	-	-
<u>28</u>	<u>70</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
179,331	3,153	378,335	-	297,404	211,923
-	-	-	4,643	-	-
-	-	-	-	-	-
<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>\$ 179,359</u>	<u>\$ 3,223</u>	<u>\$ 378,476</u>	<u>\$ 4,643</u>	<u>\$ 297,404</u>	<u>\$ 211,923</u>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2019

	Cable TV - Franchise	Housing Rehabilitation Grant	Revolving Loan - Industrial	Peace Officer Training
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ -	\$ 43,751	\$ 497,498	\$ 7,271
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	-	-
Property and other local taxes.	-	-	-	-
Accounts	52,834	-	-	-
Loans receivable.	-	-	732,441	-
Accrued interest.	-	-	2,469	-
Due from other governments	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	\$ 52,834	\$ 43,751	\$ 1,232,408	\$ 7,271
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 712	\$ -
Accrued wages and benefits payable.	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	-	-	712	-
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	-
Accrued interest not available	-	-	803	-
Miscellaneous revenue not available.	52,834	-	-	-
Income tax revenue not available	-	-	-	-
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources.	52,834	-	803	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	43,751	1,230,893	7,271
Committed.	-	-	-	-
Unassigned (deficit).	-	-	-	-
Total fund balances	-	43,751	1,230,893	7,271
Total liabilities, deferred inflows of resources and fund balances	\$ 52,834	\$ 43,751	\$ 1,232,408	\$ 7,271

<u>Reservoir Enhancement</u>	<u>Riverside Cemetery Enhancement</u>	<u>Hotel/Motel Tax</u>	<u>Museum Trust</u>	<u>Cemetery Trust</u>	<u>Police Pension</u>
\$ 909	\$ 4,456	\$ 192,781	\$ 5,226	\$ 1,061	\$ 102,159
-	-	-	587,713	-	-
-	-	-	-	-	-
-	-	83,623	-	-	86,800
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,900
-	-	-	-	-	-
<u>\$ 909</u>	<u>\$ 4,456</u>	<u>\$ 276,404</u>	<u>\$ 592,939</u>	<u>\$ 1,061</u>	<u>\$ 194,859</u>
\$ -	\$ -	\$ 115	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	42,258	-	-	-
-	-	<u>42,373</u>	-	-	-
-	-	-	-	-	86,800
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,900
-	-	-	-	-	<u>92,700</u>
-	-	-	-	-	-
-	4,456	234,031	592,939	1,061	102,159
909	-	-	-	-	-
-	-	-	-	-	-
<u>909</u>	<u>4,456</u>	<u>234,031</u>	<u>592,939</u>	<u>1,061</u>	<u>102,159</u>
<u>\$ 909</u>	<u>\$ 4,456</u>	<u>\$ 276,404</u>	<u>\$ 592,939</u>	<u>\$ 1,061</u>	<u>\$ 194,859</u>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2019

	Fire Pension	Law Enforcement Trust	East Side Firehouse	Fire and Rescue Trust
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ -	\$ 35,520	\$ 610	\$ 26,462
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	-	-
Property and other local taxes	86,800	-	-	-
Accounts	-	-	-	-
Loans receivable.	-	-	-	-
Accrued interest.	-	-	-	-
Due from other governments	5,900	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 92,700</u>	<u>\$ 35,520</u>	<u>\$ 610</u>	<u>\$ 26,462</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable.	-	-	-	-
Due to other funds	2,402	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>2,402</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	86,800	-	-	-
Accrued interest not available	-	-	-	-
Miscellaneous revenue not available.	-	-	-	-
Income tax revenue not available	-	-	-	-
Intergovernmental revenue not available	5,900	-	-	-
Total deferred inflows of resources.	<u>92,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	35,520	-	26,462
Committed.	-	-	610	-
Unassigned (deficit).	(2,402)	-	-	-
Total fund balances	<u>(2,402)</u>	<u>35,520</u>	<u>610</u>	<u>26,462</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 92,700</u>	<u>\$ 35,520</u>	<u>\$ 610</u>	<u>\$ 26,462</u>

Fire Damage Repair	Park and Recreation Trust	Probation Incentive Grant	Total Nonmajor Special Revenue Funds
\$ 20,690	\$ 80	\$ 6,663	\$ 2,464,572
-	-	-	587,713
-	-	-	4,640
-	-	-	257,223
-	-	-	76,800
-	-	-	732,441
-	-	-	4,291
-	-	-	511,632
-	-	-	57,094
<u>\$ 20,690</u>	<u>\$ 80</u>	<u>\$ 6,663</u>	<u>\$ 4,696,406</u>
\$ -	\$ -	\$ -	\$ 21,703
-	-	-	16,338
-	-	-	2,402
-	-	44	51,311
-	-	44	91,754
-	-	-	173,600
-	-	-	1,396
-	-	-	52,834
-	-	-	1,373
-	-	-	327,391
-	-	-	556,594
-	-	-	57,094
20,690	-	6,619	3,987,124
-	80	-	6,242
-	-	-	(2,402)
<u>20,690</u>	<u>80</u>	<u>6,619</u>	<u>4,048,058</u>
<u>\$ 20,690</u>	<u>\$ 80</u>	<u>\$ 6,663</u>	<u>\$ 4,696,406</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Court Technology Grant
Revenues:				
Income taxes	\$ -	\$ -	\$ 30,561	\$ -
Property and other local taxes	-	-	-	-
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	73,769	83,274	1,028,546	11,420
Investment income	2,987	-	2,422	-
Donations	-	-	-	-
Increase in fair value of investments	-	-	-	-
Other	-	1,287	6,932	-
Total revenues	76,756	84,561	1,068,461	11,420
Expenditures:				
Current:				
General government	-	-	-	11,420
Security of persons and property	-	-	-	-
Transportation	58,457	25,931	888,744	-
Leisure time activity	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	47,000	-	-
Interest and fiscal charges	-	8,683	-	-
Total expenditures	58,457	81,614	888,744	11,420
Excess (deficiency) of revenues over (under) expenditures	18,299	2,947	179,717	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	18,299	2,947	179,717	-
Fund balances at beginning of year	131,284	57,663	238,483	-
Fund balances (deficit) at end of year	\$ 149,583	\$ 60,610	\$ 418,200	\$ -

Indigent Drivers	Municipal Probation Services	Probation Grant	Court Computerization	Tree of Life	Special Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
20,719	28,139	-	84,850	-	169,262
-	-	61,643	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	8,708	-	-	895	-
<u>20,719</u>	<u>36,847</u>	<u>61,643</u>	<u>84,850</u>	<u>895</u>	<u>169,262</u>
-	-	-	46,274	-	-
22,677	58,046	58,612	-	-	-
-	-	-	-	-	-
-	-	-	-	270	-
-	-	-	-	-	-
-	-	-	-	-	150,000
-	-	-	-	-	-
<u>22,677</u>	<u>58,046</u>	<u>58,612</u>	<u>46,274</u>	<u>270</u>	<u>150,000</u>
<u>(1,958)</u>	<u>(21,199)</u>	<u>3,031</u>	<u>38,576</u>	<u>625</u>	<u>19,262</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,958)	(21,199)	3,031	38,576	625	19,262
41,785	200,530	122	339,759	4,018	278,142
<u>\$ 39,827</u>	<u>\$ 179,331</u>	<u>\$ 3,153</u>	<u>\$ 378,335</u>	<u>\$ 4,643</u>	<u>\$ 297,404</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, 2019

	OVI Special Project	Cable TV - Franchise	Housing Rehabilitation Grant	Revolving Loan - Industrial
Revenues:				
Income taxes	\$ -	\$ -	\$ -	\$ -
Property and other local taxes	-	-	-	-
Licenses, permits and fees	-	210,552	-	-
Fines and forfeitures	8,659	-	-	-
Intergovernmental	-	-	2,619	-
Investment income	-	-	-	27,794
Donations.	-	-	-	-
Increase in fair value of investments	-	-	-	-
Other	9,203	-	-	255
Total revenues.	<u>17,862</u>	<u>210,552</u>	<u>2,619</u>	<u>28,049</u>
Expenditures:				
Current:				
General government	-	210,552	-	-
Security of persons and property.	53	-	-	712
Transportation	-	-	-	-
Leisure time activity	-	-	-	-
Economic development	-	-	-	29,631
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
Total expenditures	<u>53</u>	<u>210,552</u>	<u>-</u>	<u>30,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,809</u>	<u>-</u>	<u>2,619</u>	<u>(2,294)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,809	-	2,619	(2,294)
Fund balances at beginning of year.	194,114	-	41,132	1,233,187
Fund balances (deficit) at end of year	<u>\$ 211,923</u>	<u>\$ -</u>	<u>\$ 43,751</u>	<u>\$ 1,230,893</u>

Peace Officer Training	Reservoir Enhancement	Riverside Cemetery Enhancement	Hotel/Motel Tax	Museum Trust	Cemetery Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	365,021	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	137	72	-	-	-
-	-	743	-	11,169	-
-	-	-	-	85,042	-
-	-	-	122	-	-
-	137	815	365,143	96,211	-
-	20,000	-	307,219	13,273	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	20,000	-	307,219	13,273	-
-	(19,863)	815	57,924	82,938	-
-	-	-	-	-	-
-	-	-	(101,000)	-	-
-	-	-	(101,000)	-	-
-	(19,863)	815	(43,076)	82,938	-
7,271	20,772	3,641	277,107	510,001	1,061
\$ 7,271	\$ 909	\$ 4,456	\$ 234,031	\$ 592,939	\$ 1,061

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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, 2019

	Police Pension	Fire Pension	Law Enforcement Trust	East Side Firehouse
Revenues:				
Income taxes	\$ -	\$ -	\$ -	\$ -
Property and other local taxes	87,399	87,399	-	-
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	6,522	-
Intergovernmental	10,701	10,701	-	-
Investment income	-	-	-	-
Donations.	-	-	6,323	-
Increase in fair value of investments	-	-	-	-
Other	-	-	912	-
Total revenues.	<u>98,100</u>	<u>98,100</u>	<u>13,757</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Security of persons and property.	418,543	501,574	1,199	-
Transportation	-	-	-	-
Leisure time activity	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
Total expenditures	<u>418,543</u>	<u>501,574</u>	<u>1,199</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,443)</u>	<u>(403,474)</u>	<u>12,558</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	340,000	362,500	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>340,000</u>	<u>362,500</u>	<u>-</u>	<u>-</u>
Net change in fund balances	19,557	(40,974)	12,558	-
Fund balances at beginning of year.	<u>82,602</u>	<u>38,572</u>	<u>22,962</u>	<u>610</u>
Fund balances (deficit) at end of year	<u>\$ 102,159</u>	<u>\$ (2,402)</u>	<u>\$ 35,520</u>	<u>\$ 610</u>

Fire and Rescue Trust	Fire Damage Repair	Park and Recreation Trust	Probation Incentive Grant	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 30,561
-	-	-	-	539,819
-	-	-	-	210,552
-	-	-	-	318,151
31,715	-	-	51,984	1,366,372
-	-	-	-	33,412
59,085	-	-	-	77,320
-	-	-	-	85,042
-	11,466	25	-	39,805
<u>90,800</u>	<u>11,466</u>	<u>25</u>	<u>51,984</u>	<u>2,701,034</u>
-	-	-	-	608,738
103,646	18,666	-	48,053	1,231,781
-	-	-	-	973,132
-	-	-	-	270
-	-	-	-	29,631
-	-	-	-	197,000
-	-	-	-	8,683
<u>103,646</u>	<u>18,666</u>	<u>-</u>	<u>48,053</u>	<u>3,049,235</u>
<u>(12,846)</u>	<u>(7,200)</u>	<u>25</u>	<u>3,931</u>	<u>(348,201)</u>
-	-	-	-	702,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>601,500</u>
(12,846)	(7,200)	25	3,931	253,299
39,308	27,890	55	2,688	3,794,759
<u>\$ 26,462</u>	<u>\$ 20,690</u>	<u>\$ 80</u>	<u>\$ 6,619</u>	<u>\$ 4,048,058</u>

CITY OF DEFIANCE, OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2019

	Bond Retirement	Commerce Drive	Total Nonmajor Debt Service Funds
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 621,729	\$ 1	\$ 621,730
Receivables:			
Special assessments	117,123	-	117,123
Total assets	\$ 738,852	\$ 1	\$ 738,853
Deferred inflows of resources:			
Special assessments revenue not available.	\$ 117,123	\$ -	\$ 117,123
Total deferred inflows of resources.	117,123	-	117,123
Fund balances:			
Restricted	621,729	-	621,729
Assigned	-	1	1
Total fund balances	621,729	1	621,730
Total deferred inflows of resources and fund balances	\$ 738,852	\$ 1	\$ 738,853

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Bond Retirement</u>	<u>Commerce Drive</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues:			
Special assessments	\$ 124,530	\$ -	\$ 124,530
Total revenues.	<u>124,530</u>	<u>-</u>	<u>124,530</u>
Expenditures:			
Current:			
General government	4,527	-	4,527
Debt service:			
Principal retirement.	116,559	109,518	226,077
Interest and fiscal charges	-	55,000	55,000
Total expenditures	<u>121,086</u>	<u>164,518</u>	<u>285,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,444</u>	<u>(164,518)</u>	<u>(161,074)</u>
Other financing sources:			
Transfers in.	15,489	164,519	180,008
Total other financing sources.	<u>15,489</u>	<u>164,519</u>	<u>180,008</u>
Net change in fund balances	18,933	1	18,934
Fund balances at beginning of year	<u>602,796</u>	<u>-</u>	<u>602,796</u>
Fund balances at end of year	<u>\$ 621,729</u>	<u>\$ 1</u>	<u>\$ 621,730</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 59,700	\$ 59,700	\$ 69,916	\$ 10,216
Investment income	2,500	2,500	2,815	315
Total revenues	<u>62,200</u>	<u>62,200</u>	<u>72,731</u>	<u>10,531</u>
Expenditures:				
Current:				
Transportation:				
Capital Improvements:				
Operating	87,900	87,900	58,983	28,917
Total capital improvements	87,900	87,900	58,983	28,917
Total expenditures	<u>87,900</u>	<u>87,900</u>	<u>58,983</u>	<u>28,917</u>
Net change in fund balances.	(25,700)	(25,700)	13,748	39,448
Fund balances at beginning of year. . . .	116,471	116,471	116,471	-
Prior year encumbrances appropriated .	5,900	5,900	5,900	-
Fund balance at end of year	<u>\$ 96,671</u>	<u>\$ 96,671</u>	<u>\$ 136,119</u>	<u>\$ 39,448</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 121,000	\$ 121,000	\$ 83,274	\$ (37,726)
Other	-	-	1,287	1,287
Total revenues.	<u>121,000</u>	<u>121,000</u>	<u>84,561</u>	<u>(36,439)</u>
Expenditures:				
Current:				
Transportation:				
Capital Improvements:				
Operating	<u>65,000</u>	<u>65,000</u>	<u>50,003</u>	<u>14,997</u>
Total capital improvements	<u>65,000</u>	<u>65,000</u>	<u>50,003</u>	<u>14,997</u>
Debt Service:				
Principal retirement	<u>47,000</u>	<u>47,000</u>	<u>47,000</u>	<u>-</u>
Interest and fiscal charges	<u>8,683</u>	<u>8,683</u>	<u>8,683</u>	<u>-</u>
Total debt service.	<u>55,683</u>	<u>55,683</u>	<u>55,683</u>	<u>-</u>
Total expenditures	<u>120,683</u>	<u>120,683</u>	<u>105,686</u>	<u>14,997</u>
Net change in fund balances.	317	317	(21,125)	(21,442)
Fund balances at beginning of year. . . .	<u>63,736</u>	<u>63,736</u>	<u>63,736</u>	<u>-</u>
Fund balance at end of year	<u>\$ 64,053</u>	<u>\$ 64,053</u>	<u>\$ 42,611</u>	<u>\$ (21,442)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 31,248	\$ 31,248	\$ 30,516	\$ (732)
Intergovernmental	876,000	876,000	980,714	104,714
Investment income	1,600	1,600	1,691	91
Other	4,000	4,000	6,683	2,683
Total revenues.	<u>912,848</u>	<u>912,848</u>	<u>1,019,604</u>	<u>106,756</u>
Expenditures:				
Current:				
Transportation:				
Highway and Streets:				
Salaries and wages	748,425	748,425	706,744	41,681
Operating	292,064	292,064	205,729	86,335
Total expenditures.	<u>1,040,489</u>	<u>1,040,489</u>	<u>912,473</u>	<u>128,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(127,641)</u>	<u>(127,641)</u>	<u>107,131</u>	<u>234,772</u>
Other financing sources:				
Transfers in	30,000	30,000	17,615	(12,385)
Total other financing sources.	<u>30,000</u>	<u>30,000</u>	<u>17,615</u>	<u>(12,385)</u>
Net change in fund balances.	(97,641)	(97,641)	124,746	222,387
Fund balances at beginning of year. . . .	95,202	95,202	95,202	-
Prior year encumbrances appropriated .	2,564	2,564	2,564	-
Fund balance at end of year	<u>\$ 125</u>	<u>\$ 125</u>	<u>\$ 222,512</u>	<u>\$ 222,387</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COURT TECHNOLOGY GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 11,420	\$ 11,420
Total revenues	<u>-</u>	<u>-</u>	<u>11,420</u>	<u>11,420</u>
Expenditures:				
Current:				
General Government:				
Municipal Probation:				
Operating	11,420	11,420	11,420	-
Total expenditures	<u>11,420</u>	<u>11,420</u>	<u>11,420</u>	<u>-</u>
Net change in fund balances.	(11,420)	(11,420)	-	11,420
Fund balances at beginning of year. . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year . . .	<u>\$ (11,420)</u>	<u>\$ (11,420)</u>	<u>\$ -</u>	<u>\$ 11,420</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 18,000	\$ 18,000	\$ 20,188	\$ 2,188
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>20,188</u>	<u>2,188</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating	41,832	41,832	23,331	18,501
Total expenditures	<u>41,832</u>	<u>41,832</u>	<u>23,331</u>	<u>18,501</u>
Net change in fund balances.	(23,832)	(23,832)	(3,143)	20,689
Fund balances at beginning of year. . . .	39,909	39,909	39,909	-
Prior year encumbrances appropriated . .	1,832	1,832	1,832	-
Fund balance at end of year	<u>\$ 17,909</u>	<u>\$ 17,909</u>	<u>\$ 38,598</u>	<u>\$ 20,689</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 29,124	\$ 4,124
Other	7,250	7,250	8,589	1,339
Total revenues.	<u>32,250</u>	<u>32,250</u>	<u>37,713</u>	<u>5,463</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	40,345	40,345	24,984	15,361
Operating	53,645	53,645	33,220	20,425
Total expenditures	<u>93,990</u>	<u>93,990</u>	<u>58,204</u>	<u>35,786</u>
Net change in fund balances.	(61,740)	(61,740)	(20,491)	41,249
Fund balances at beginning of year. . . .	195,315	195,315	195,315	-
Prior year encumbrances appropriated .	164	164	164	-
Fund balance at end of year	<u>\$ 133,739</u>	<u>\$ 133,739</u>	<u>\$ 174,988</u>	<u>\$ 41,249</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 30,820	\$ 61,642	\$ 61,643	\$ 1
Total revenues	<u>30,820</u>	<u>61,642</u>	<u>61,643</u>	<u>1</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	24,488	47,487	47,483	4
Operating	<u>6,332</u>	<u>12,624</u>	<u>12,277</u>	<u>347</u>
Total expenditures	<u>30,820</u>	<u>60,111</u>	<u>59,760</u>	<u>351</u>
Net change in fund balances.	-	1,531	1,883	352
Fund balances at beginning of year. . . .	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,340</u>	<u>\$ 2,871</u>	<u>\$ 3,223</u>	<u>\$ 352</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 90,000	\$ 90,000	\$ 84,043	\$ (5,957)
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>84,043</u>	<u>(5,957)</u>
Expenditures:				
Current:				
General Government:				
Municipal Court:				
Operating	95,930	95,930	55,750	40,180
Total expenditures	<u>95,930</u>	<u>95,930</u>	<u>55,750</u>	<u>40,180</u>
Net change in fund balances.	(5,930)	(5,930)	28,293	34,223
Fund balances at beginning of year. . . .	329,203	329,203	329,203	-
Prior year encumbrances appropriated .	5,930	5,930	5,930	-
Fund balance at end of year	<u>\$ 329,203</u>	<u>\$ 329,203</u>	<u>\$ 363,426</u>	<u>\$ 34,223</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 895	\$ 895
Total revenues.	<u>-</u>	<u>-</u>	<u>895</u>	<u>895</u>
Expenditures:				
Current:				
Leisure time activity:				
Parks and Recreation:				
Operating	4,017	4,017	270	3,747
Total expenditures	<u>4,017</u>	<u>4,017</u>	<u>270</u>	<u>3,747</u>
Net change in fund balance.	(4,017)	(4,017)	625	4,642
Fund balances at beginning of year. . . .	4,018	4,018	4,018	-
Fund balance at end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 4,643</u>	<u>\$ 4,642</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 180,000	\$ 180,000	\$ 167,635	\$ (12,365)
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>167,635</u>	<u>(12,365)</u>
Expenditures:				
Current:				
General Government:				
Municipal Court:				
Operating	15,000	15,000	-	15,000
Total municipal court	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Debt Service:				
Principal retirement	150,000	150,000	150,000	-
Total debt service	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total expenditures	<u>165,000</u>	<u>165,000</u>	<u>150,000</u>	<u>15,000</u>
Net change in fund balances.	15,000	15,000	17,635	2,635
Fund balances at beginning of year. . . .	268,599	268,599	268,599	-
Fund balance at end of year	<u><u>\$ 283,599</u></u>	<u><u>\$ 283,599</u></u>	<u><u>\$ 286,234</u></u>	<u><u>\$ 2,635</u></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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 9,000	\$ 9,000	\$ 8,489	\$ (511)
Other	10,000	10,000	9,093	(907)
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>17,582</u>	<u>(1,418)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating	<u>5,575</u>	<u>5,575</u>	<u>106</u>	<u>5,469</u>
Total expenditures	<u>5,575</u>	<u>5,575</u>	<u>106</u>	<u>5,469</u>
Net change in fund balances.	13,425	13,425	17,476	4,051
Fund balances at beginning of year. . . .	192,250	192,250	192,250	-
Prior year encumbrances appropriated . .	575	575	575	-
Fund balance at end of year	<u><u>\$ 206,250</u></u>	<u><u>\$ 206,250</u></u>	<u><u>\$ 210,301</u></u>	<u><u>\$ 4,051</u></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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and fees	\$ 200,000	\$ 218,000	\$ 210,552	\$ (7,448)
Total revenues	<u>200,000</u>	<u>218,000</u>	<u>210,552</u>	<u>(7,448)</u>
Expenditures:				
Current:				
General Government:				
Cable TV:				
Operating	200,000	218,000	210,552	7,448
Total expenditures	<u>200,000</u>	<u>218,000</u>	<u>210,552</u>	<u>7,448</u>
Net change in fund balances.	-	-	-	-
Fund balances at beginning of year. . . .	-	-	-	-
Fund balance at end of year	<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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 2,619	\$ 2,619
Total revenues	<u>-</u>	<u>-</u>	<u>2,619</u>	<u>2,619</u>
Net change in fund balances.	-	-	2,619	2,619
Fund balances at beginning of year. . . .	41,132	41,132	41,132	-
Fund balance at end of year	<u>\$ 41,132</u>	<u>\$ 41,132</u>	<u>\$ 43,751</u>	<u>\$ 2,619</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 8,000	\$ 8,000	\$ 7,613	\$ (387)
Other	-	-	255	255
Total revenues	8,000	8,000	7,868	(132)
Expenditures:				
Current:				
Economic Development:				
Capital Improvement:				
Operating	535,525	535,525	162,552	372,973
Total expenditures	535,525	535,525	162,552	372,973
Excess of expenditures over revenues . . .	(527,525)	(527,525)	(154,684)	372,841
Other financing sources:				
Other financing sources	217,449	217,449	210,708	(6,741)
Total other financing sources	217,449	217,449	210,708	(6,741)
Net change in fund balances	(310,076)	(310,076)	56,024	366,100
Fund balances at beginning of year	406,846	406,846	406,846	-
Prior year encumbrances appropriated . .	20,525	20,525	20,525	-
Fund balance at end of year	\$ 117,295	\$ 117,295	\$ 483,395	\$ 366,100

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund balances at beginning of year. . . .	\$ 7,271	\$ 7,271	\$ 7,271	\$ -
Fund balance at end of year	<u>\$ 7,271</u>	<u>\$ 7,271</u>	<u>\$ 7,271</u>	<u>\$ -</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RESERVOIR ENHANCEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 325	\$ 325	\$ 137	\$ (188)
Total revenues	<u>325</u>	<u>325</u>	<u>137</u>	<u>(188)</u>
Expenditures:				
Current:				
General Government:				
Reservoir Enhancement:				
Operating	20,000	20,000	20,000	-
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances.	(19,675)	(19,675)	(19,863)	(188)
Fund balances at beginning of year. . . .	772	772	772	-
Prior year encumbrances appropriated .	20,000	20,000	20,000	-
Fund balance at end of year	<u>\$ 1,097</u>	<u>\$ 1,097</u>	<u>\$ 909</u>	<u>\$ (188)</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 45	\$ 45	\$ 72	\$ 27
Donations.	-	-	743	743
Total revenues	<u>45</u>	<u>45</u>	<u>815</u>	<u>770</u>
Expenditures:				
Current:				
General Government:				
Cemetery Enhancements:				
Operating	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Net change in fund balances.	(3,455)	(3,455)	815	4,270
Fund balances at beginning of year. . . .	<u>3,641</u>	<u>3,641</u>	<u>3,641</u>	<u>-</u>
Fund balance at end of year	<u>\$ 186</u>	<u>\$ 186</u>	<u>\$ 4,456</u>	<u>\$ 4,270</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other local taxes	\$ 370,000	\$ 370,000	\$ 366,455	\$ (3,545)
Other	-	-	122	122
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>366,577</u>	<u>(3,423)</u>
Expenditures:				
Current:				
General Government:				
General Operating:				
Salaries and wages	40,020	41,315	40,465	850
Operating.	81,717	84,635	83,747	888
Total general operating	<u>121,737</u>	<u>125,950</u>	<u>124,212</u>	<u>1,738</u>
Capital Improvements:				
Operating	181,213	185,000	183,227	1,773
Total capital improvements	<u>181,213</u>	<u>185,000</u>	<u>183,227</u>	<u>1,773</u>
Total expenditures	<u>302,950</u>	<u>310,950</u>	<u>307,439</u>	<u>3,511</u>
Excess of revenues over expenditures.	<u>67,050</u>	<u>59,050</u>	<u>59,138</u>	<u>88</u>
Other financing (uses):				
Transfers out	(101,000)	(101,000)	(101,000)	-
Total other financing (uses).	<u>(101,000)</u>	<u>(101,000)</u>	<u>(101,000)</u>	<u>-</u>
Net change in fund balances.	(33,950)	(41,950)	(41,862)	88
Fund balances at beginning of year.	234,298	234,298	234,298	-
Prior year encumbrances appropriated	345	345	345	-
Fund balance at end of year	<u>\$ 200,693</u>	<u>\$ 192,693</u>	<u>\$ 192,781</u>	<u>\$ 88</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Donations	\$ 4,500	\$ 10,500	\$ 11,159	\$ 659
Total revenues	4,500	10,500	11,159	659
Expenditures:				
Current:				
General Government:				
Trust Fund:				
Operating	9,875	13,375	13,273	102
Total expenditures	9,875	13,375	13,273	102
Net change in fund balances	(5,375)	(2,875)	(2,114)	761
Fund balances at beginning of year	7,340	7,340	7,340	-
Fund balance at end of year	\$ 1,965	\$ 4,465	\$ 5,226	\$ 761

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General Government:				
Cemetery Perpetual Trust:				
Operating	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances.	(1,000)	(1,000)	-	1,000
Fund balances at beginning of year. . . .	<u>1,061</u>	<u>1,061</u>	<u>1,061</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 61</u></u>	<u><u>\$ 61</u></u>	<u><u>\$ 1,061</u></u>	<u><u>\$ 1,000</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 86,360	\$ 86,360	\$ 87,399	\$ 1,039
Intergovernmental	10,700	10,700	10,701	1
Total revenues	<u>97,060</u>	<u>97,060</u>	<u>98,100</u>	<u>1,040</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police Pension:				
Salaries and wages	440,000	440,000	416,579	23,421
Operating	2,000	2,000	1,964	36
Total expenditures	<u>442,000</u>	<u>442,000</u>	<u>418,543</u>	<u>23,457</u>
Excess of expenditures over revenues . . .	<u>(344,940)</u>	<u>(344,940)</u>	<u>(320,443)</u>	<u>24,497</u>
Other financing sources:				
Transfers in	340,000	340,000	340,000	-
Total other financing sources	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
Net change in fund balances.	(4,940)	(4,940)	19,557	24,497
Fund balances at beginning of year. . . .	<u>82,602</u>	<u>82,602</u>	<u>82,602</u>	<u>-</u>
Fund balance at end of year	<u>\$ 77,662</u>	<u>\$ 77,662</u>	<u>\$ 102,159</u>	<u>\$ 24,497</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 84,245	\$ 86,360	\$ 87,399	\$ 1,039
Intergovernmental	10,315	10,700	10,701	1
Total revenues	<u>94,560</u>	<u>97,060</u>	<u>98,100</u>	<u>1,040</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire Pension:				
Salaries and wages	460,145	496,000	499,610	(3,610)
Operating	1,855	2,000	1,964	36
Total expenditures	<u>462,000</u>	<u>498,000</u>	<u>501,574</u>	<u>(3,574)</u>
Excess of expenditures over revenues . . .	<u>(367,440)</u>	<u>(400,940)</u>	<u>(403,474)</u>	<u>(2,534)</u>
Other financing sources:				
Transfers in	362,500	362,500	362,500	-
Total other financing sources	<u>362,500</u>	<u>362,500</u>	<u>362,500</u>	<u>-</u>
Net change in fund balances.	(4,940)	(38,440)	(40,974)	(2,534)
Fund balances at beginning of year. . . .	<u>38,572</u>	<u>38,572</u>	<u>38,572</u>	<u>-</u>
Fund balance (deficit) at end of year . . .	<u>\$ 33,632</u>	<u>\$ 132</u>	<u>\$ (2,402)</u>	<u>\$ (2,534)</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 1,500	\$ 1,500	\$ 6,522	\$ 5,022
Donations.	500	500	6,323	5,823
Other	-	-	912	912
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>13,757</u>	<u>11,757</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Operating	<u>12,000</u>	<u>12,000</u>	<u>1,199</u>	<u>10,801</u>
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>1,199</u>	<u>10,801</u>
Net change in fund balances.	(10,000)	(10,000)	12,558	22,558
Fund balances at beginning of year. . . .	22,962	22,962	22,962	-
Fund balance at end of year	<u>\$ 12,962</u>	<u>\$ 12,962</u>	<u>\$ 35,520</u>	<u>\$ 22,558</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Operating	\$ 610	\$ 610	\$ -	\$ 610
Total expenditures	<u>610</u>	<u>610</u>	<u>-</u>	<u>610</u>
Net change in fund balance.	(610)	(610)	-	610
Fund balances at beginning of year. . . .	610	610	610	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610</u>	<u>\$ 610</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 40,500	\$ 40,500	\$ 31,715	\$ (8,785)
Donations.	-	50,621	59,085	8,464
Total revenues	<u>40,500</u>	<u>91,121</u>	<u>90,800</u>	<u>(321)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Operating	<u>53,090</u>	<u>103,711</u>	<u>103,646</u>	<u>65</u>
Total expenditures	<u>53,090</u>	<u>103,711</u>	<u>103,646</u>	<u>65</u>
Net change in fund balances.	(12,590)	(12,590)	(12,846)	(256)
Fund balances at beginning of year. . . .	39,308	39,308	39,308	-
Fund balance at end of year	<u>\$ 26,718</u>	<u>\$ 26,718</u>	<u>\$ 26,462</u>	<u>\$ (256)</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 11,467	\$ 28,933	\$ 17,466
Total revenues	<u>-</u>	<u>11,467</u>	<u>28,933</u>	<u>17,466</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Operating	-	18,667	18,666	1
Total expenditures	<u>-</u>	<u>18,667</u>	<u>18,666</u>	<u>1</u>
Net change in fund balances.	-	(7,200)	10,267	17,467
Fund balances at beginning of year. . . .	10,423	10,423	10,423	-
Fund balance at end of year	<u>\$ 10,423</u>	<u>\$ 3,223</u>	<u>\$ 20,690</u>	<u>\$ 17,467</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 25	\$ 25
Total revenues	-	-	25	25
Net change in fund balances.	-	-	25	25
Fund balances at beginning of year.	55	55	55	-
Fund balance at end of year	\$ 55	\$ 55	\$ 80	\$ 25

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 32,250	\$ 50,644	\$ 51,984	\$ 1,340
Total revenues	<u>32,250</u>	<u>50,644</u>	<u>51,984</u>	<u>1,340</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	27,315	53,426	48,103	5,323
Total expenditures	<u>27,315</u>	<u>53,426</u>	<u>48,103</u>	<u>5,323</u>
Net change in fund balances.	4,935	(2,782)	3,881	6,663
Fund balances at beginning of year. . . .	<u>2,782</u>	<u>2,782</u>	<u>2,782</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,717</u>	<u>\$ -</u>	<u>\$ 6,663</u>	<u>\$ 6,663</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 44	\$ 44
Total revenues	<u>-</u>	<u>-</u>	<u>44</u>	<u>44</u>
Net change in fund balances.	-	-	44	44
Fund balances at beginning of year.	5,748	5,748	5,748	-
Fund balance at end of year	<u>\$ 5,748</u>	<u>\$ 5,748</u>	<u>\$ 5,792</u>	<u>\$ 44</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 4,200	\$ 4,200	\$ 9,181	\$ 4,981
Other	3,362,000	3,362,000	3,295,301	(66,699)
Total revenues	<u>3,366,200</u>	<u>3,366,200</u>	<u>3,304,482</u>	<u>(61,718)</u>
Expenditures:				
Current:				
General Government:				
Insurance Premiums:				
Personal services	3,363,141	3,363,141	3,307,332	55,809
Total expenditures	<u>3,363,141</u>	<u>3,363,141</u>	<u>3,307,332</u>	<u>55,809</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>3,059</u>	<u>3,059</u>	<u>(2,850)</u>	<u>(5,909)</u>
Net change in fund balances.	3,059	3,059	(2,850)	(5,909)
Fund balances at beginning of year.	454,597	454,597	454,597	-
Prior year encumbrances appropriated .	2,091	2,091	2,091	-
Fund balance at end of year	<u>\$ 459,747</u>	<u>\$ 459,747</u>	<u>\$ 453,838</u>	<u>\$ (5,909)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 115,280	\$ 115,280	\$ 124,530	\$ 9,250
Total revenues.	<u>115,280</u>	<u>115,280</u>	<u>124,530</u>	<u>9,250</u>
Expenditures:				
Current:				
General Government:				
County and State Charges:				
Operating	5,000	5,000	4,527	473
Total county and state charges.	<u>5,000</u>	<u>5,000</u>	<u>4,527</u>	<u>473</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>105,597</u>	<u>473</u>
Net change in fund balances.	9,210	9,210	18,933	9,723
Fund balances at beginning of year.	602,796	602,796	602,796	-
Fund balance at end of year	<u><u>\$ 612,006</u></u>	<u><u>\$ 612,006</u></u>	<u><u>\$ 621,729</u></u>	<u><u>\$ 9,723</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Debt Service:				
Principal retirement	\$ 123,542	\$ 109,519	\$ 109,518	\$ 1
Interest and fiscal charges	62,042	55,000	55,000	-
Total debt service	<u>185,584</u>	<u>164,519</u>	<u>164,518</u>	<u>1</u>
Total expenditures	<u>185,584</u>	<u>164,519</u>	<u>164,518</u>	<u>1</u>
Excess of expenditures over revenues.	<u>(185,584)</u>	<u>(164,519)</u>	<u>(164,518)</u>	<u>1</u>
Other financing sources:				
Transfers in	<u>185,584</u>	<u>164,519</u>	<u>164,519</u>	<u>-</u>
Total other financing sources.	<u>185,584</u>	<u>164,519</u>	<u>164,519</u>	<u>-</u>
Net change in fund balances.	-	-	1	1
Fund balances at beginning of year.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPLASH PAD TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Donations	\$ 97,500	\$ 97,500	\$ 85,750	\$ (11,750)
Total revenues	<u>97,500</u>	<u>97,500</u>	<u>85,750</u>	<u>(11,750)</u>
Expenditures:				
Current:				
Capital Outlay:				
Operating	7,384	7,384	3,931	3,453
Total capital outlay	<u>7,384</u>	<u>7,384</u>	<u>3,931</u>	<u>3,453</u>
Debt service:				
Principal retirement	167,000	167,000	167,000	-
Interest and fiscal charges	31,163	31,163	31,163	-
Total debt service	<u>198,163</u>	<u>198,163</u>	<u>198,163</u>	<u>-</u>
Total expenditures	<u>205,547</u>	<u>205,547</u>	<u>202,094</u>	<u>3,453</u>
Excess of expenditures over revenues . . .	<u>(108,047)</u>	<u>(108,047)</u>	<u>(116,344)</u>	<u>(8,297)</u>
Other financing sources:				
Transfers in	101,000	101,000	101,000	-
Total other financing sources	<u>101,000</u>	<u>101,000</u>	<u>101,000</u>	<u>-</u>
Net change in fund balance	(7,047)	(7,047)	(15,344)	(8,297)
Fund balance at beginning of year	13,501	13,501	13,501	-
Prior year encumbrances appropriated .	7,384	7,384	7,384	-
Fund balance at end of year	<u>\$ 13,838</u>	<u>\$ 13,838</u>	<u>\$ 5,541</u>	<u>\$ (8,297)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 6,508,982	\$ 7,462,100	\$ 7,604,607	\$ 142,507
Other	9,246	10,600	16,767	6,167
Total operating revenues	6,518,228	7,472,700	7,621,374	148,674
Operating expenses:				
Personal services	2,001,666	2,247,740	2,412,453	(164,713)
Contract services	1,297,850	1,432,356	1,509,985	(77,629)
Materials and supplies	719,998	767,240	530,347	236,893
Administrative costs	46,136	50,588	49,983	605
Utilities	173,782	130,523	115,594	14,929
Capital outlay	6,817,090	7,418,929	6,756,335	662,594
Other	393	434	462	(28)
Total operating expenses	11,056,915	12,047,810	11,375,159	672,651
Operating loss	(4,538,687)	(4,575,110)	(3,753,786)	821,325
Nonoperating revenues (expenses):				
Interest revenue	68,037	78,000	111,238	33,238
Sale of capital assets	43,614	50,000	24,605	(25,395)
Bonds issued	926,789	1,062,500	1,572,500	510,000
Issuance of loans	4,581,850	5,252,775	1,441,108	(3,811,667)
Issuance of notes	436,136	500,000	-	(500,000)
Debt service:				
Principal retirement	(2,394,300)	(2,644,834)	(2,812,534)	(167,700)
Interest and fiscal charges	(627,608)	(693,280)	(737,238)	(43,958)
Total nonoperating revenues (expenses)	3,034,518	3,605,161	(400,321)	(4,005,482)
Income (loss) before capital contributions	(1,504,169)	(969,949)	(4,154,107)	(3,184,158)
Capital contributions	-	-	187,930	187,930
Net change in fund equity	(1,504,169)	(969,949)	(3,966,177)	(2,996,228)
Fund equity at beginning of year	3,766,781	3,766,781	3,766,781	-
Prior year encumbrances appropriated	1,385,427	1,385,427	1,385,427	-
Fund equity at end of year	\$ 3,648,039	\$ 4,182,259	\$ 1,186,032	\$ (2,996,228)

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 5,636,900	\$ 5,636,900	\$ 5,903,425	\$ 266,525
Tap-in fees	20,000	20,000	35,707	15,707
Other.	13,600	13,600	53,460	39,860
Total operating revenues.	5,670,500	5,670,500	5,992,592	322,092
Operating expenses:				
Personal services.	1,863,215	2,178,816	2,180,245	(1,429)
Contract services.	1,452,259	1,657,659	1,646,743	10,916
Materials and supplies	960,130	1,082,138	978,160	103,978
Administrative costs	10,699	12,204	12,066	138
Utilities	330,360	375,766	335,037	40,729
Capital outlay	1,527,813	1,684,947	1,259,779	425,168
Other.	5,438	6,213	6,217	(4)
Total operating expenses.	6,149,914	6,997,743	6,418,247	579,496
Operating income (loss)	(479,414)	(1,327,243)	(425,656)	901,588
Nonoperating revenues (expenses):				
Interest revenue	42,000	42,000	45,402	3,402
Bonds issued.	-	1,062,500	1,772,500	710,000
Notes issued	700,000	700,000	-	(700,000)
Debt service:				
Principal retirement.	(1,198,662)	(1,369,589)	(1,370,363)	(774)
Interest and fiscal charges.	(271,694)	(310,438)	(310,613)	(175)
Total nonoperating revenues (expenses)	(728,356)	124,473	136,926	12,453
Net change in fund equity	(1,207,770)	(1,202,770)	(288,730)	914,041
Fund equity at beginning of year.	1,423,622	1,423,622	1,423,622	-
Prior year encumbrances appropriated	583,335	583,335	583,335	-
Fund equity at end of year	\$ 799,187	\$ 804,187	\$ 1,718,228	\$ 914,041

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2019

	<u>Refuse</u>	<u>Utility Deposit</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 164,237	\$ -	\$ 164,237
Total current assets	<u>164,237</u>	<u>-</u>	<u>164,237</u>
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents. . .	-	403,986	403,986
Cash in segregated accounts	76,238	-	76,238
Total noncurrent assets	<u>76,238</u>	<u>403,986</u>	<u>480,224</u>
Total assets	<u>240,475</u>	<u>403,986</u>	<u>644,461</u>
Liabilities:			
Accounts payable	49,318	-	49,318
Current liabilities:			
Payable from restricted assets:			
Refundable deposits	-	403,986	403,986
Total liabilities	<u>49,318</u>	<u>403,986</u>	<u>453,304</u>
Net position:			
Unrestricted	191,157	-	191,157
Total net position	<u>\$ 191,157</u>	<u>\$ -</u>	<u>\$ 191,157</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Refuse</u>	<u>Utility Deposit</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 934,540	\$ -	\$ 934,540
Total operating revenues	<u>934,540</u>	<u>-</u>	<u>934,540</u>
Operating expenses:			
Utilities	990,097	-	990,097
Other operating expenses	14	-	14
Total operating expenses	<u>990,111</u>	<u>-</u>	<u>990,111</u>
Change in net position.	(55,571)	-	(55,571)
Net position at beginning of year.	<u>246,728</u>	<u>-</u>	<u>246,728</u>
Net position at end of year	<u>\$ 191,157</u>	<u>\$ -</u>	<u>\$ 191,157</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Refuse	Utility Deposit	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from charges for services.	\$ 1,023,622	\$ 65,622	\$ 1,089,244
Cash payments for utilities.	(989,717)	-	(989,717)
Cash payments for other operations	(14)	(230,970)	(230,984)
Net cash provided by (used in) operating activities	33,891	(165,348)	(131,457)
Net increase (decrease) in cash and cash equivalents	33,891	(165,348)	(131,457)
Cash and cash equivalents at beginning of year . . .	206,584	569,334	775,918
Cash and cash equivalents at end of year	\$ 240,475	\$ 403,986	\$ 644,461
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss.	\$ (55,571)	\$ -	\$ (55,571)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Changes in assets and liabilities:			
Decrease in accounts receivable	89,082	-	89,082
Increase in accounts payable.	380	-	380
(Decrease) in utility deposits payable	-	(165,348)	(165,348)
Net cash provided by (used in) operating activities	\$ 33,891	\$ (165,348)	\$ (131,457)

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 966,000	\$ 1,046,000	\$ 1,023,622	\$ (22,378)
Total operating revenues	966,000	1,046,000	1,023,622	(22,378)
Operating expenses:				
Utilities	852,820	929,985	874,171	55,814
Other.	14	15	14	1
Total operating expenses.	852,834	930,000	874,185	55,815
Net change in fund equity	113,166	116,000	149,437	33,437
Fund equity at beginning of year.	130,800	130,800	130,800	-
Fund equity at end of year	\$ 243,966	\$ 246,800	\$ 280,237	\$ 33,437

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 65,000	\$ 65,000	\$ 65,622	\$ 622
Total operating revenues	<u>65,000</u>	<u>65,000</u>	<u>65,622</u>	<u>622</u>
Operating expenses:				
Utilities	<u>25,000</u>	<u>232,320</u>	<u>230,970</u>	<u>1,350</u>
Total operating expenses	<u>25,000</u>	<u>232,320</u>	<u>230,970</u>	<u>1,350</u>
Net change in fund equity	40,000	(167,320)	(165,348)	1,972
Fund equity at beginning of year	<u>569,334</u>	<u>569,334</u>	<u>569,334</u>	<u>-</u>
Fund equity at end of year	<u>\$ 609,334</u>	<u>\$ 402,014</u>	<u>\$ 403,986</u>	<u>\$ 1,972</u>

CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

AGENCY FUNDS

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

Municipal Court Fund

This fund accounts for assets received and disbursed by the municipal court as an agent or custodian related to various court matters and cases.

CITY OF DEFIANCE, OHIO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

Municipal Court Fund	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Assets:				
Cash in segregated accounts	\$ 10,044	\$ 102,465	\$ 10,044	\$ 102,465
Total assets	<u>\$ 10,044</u>	<u>\$ 102,465</u>	<u>\$ 10,044</u>	<u>\$ 102,465</u>
Liabilities:				
Due to other governments.	\$ 10,044	\$ 102,465	\$ 10,044	\$ 102,465
Total liabilities	<u>\$ 10,044</u>	<u>\$ 102,465</u>	<u>\$ 10,044</u>	<u>\$ 102,465</u>

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STATISTICAL SECTION

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CITY OF DEFIANCE, OHIO
STATISTICAL SECTION

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

Table of Contents

Page

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.	186-195
Schedules 5-6 reflect revenue capacity and help the reader assess the City's most significant local revenue source, the income tax.	196-199
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.	200-209
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.	210-211
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.	212-217

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)

	2019	2018 (1)	2017	2016
Governmental activities:				
Net investment in capital assets	\$ 22,525,710	\$ 20,731,337	\$ 17,918,840	\$ 16,547,338
Restricted for:				
Capital projects	5,541	16,045	230,490	178,127
Debt service	724,312	727,762	715,831	722,733
Transportation projects	234,083	209,713	307,179	427,612
Safety projects	281,348	318,949	374,231	455,825
Special projects	509,327	472,256	428,765	378,716
Community environment projects	43,751	41,132	61,637	41,220
Economic development projects	1,396,153	1,461,066	1,469,015	1,774,767
Health projects	5,517	4,702	3,919	3,161
Museum trust	592,939	510,001	386,049	332,600
Other purposes	438,440	400,524	384,394	297,697
Unrestricted (deficit)	<u>(12,137,396)</u>	<u>(17,439,157)</u>	<u>(12,862,265)</u>	<u>(3,140,465)</u>
Total governmental activities	<u>14,619,725</u>	<u>7,454,330</u>	<u>9,418,085</u>	<u>18,019,331</u>
Business-type activities:				
Net investment in capital assets	41,221,061	37,714,003	35,185,014	32,132,408
Unrestricted	<u>2,553,073</u>	<u>4,054,501</u>	<u>4,915,912</u>	<u>7,059,023</u>
Total business-type activities	<u>43,774,134</u>	<u>41,768,504</u>	<u>40,100,926</u>	<u>39,191,431</u>
Total primary government:				
Net investment in capital assets	63,746,771	58,445,340	53,103,854	48,679,746
Restricted	4,231,411	4,162,150	4,361,510	4,612,458
Unrestricted	<u>(9,584,323)</u>	<u>(13,384,656)</u>	<u>(7,946,353)</u>	<u>3,918,558</u>
Total primary government	<u>\$ 58,393,859</u>	<u>\$ 49,222,834</u>	<u>\$ 49,519,011</u>	<u>\$ 57,210,762</u>

(1) 2018 amounts have been restated as described in Note 3

	2015	2014	2013	2012	2011	2010
\$	14,972,611	\$ 14,422,564	\$ 14,481,473	\$ 14,851,497	\$ 14,739,970	\$ 13,848,663
	-	48,399	-	7,844	7,820	-
	720,585	714,360	683,737	844,314	1,085,623	1,237,297
	804,151	892,276	712,739	581,289	497,741	541,136
	527,162	506,120	553,081	498,201	618,436	625,783
	344,976	315,471	292,143	263,351	234,068	333,266
	54,699	16,832	19,132	47,820	4,804	23,804
	1,943,972	2,214,522	2,134,556	2,114,679	1,909,300	2,031,638
	1,422	526	3,094	6,684	5,861	5,367
	-	-	-	-	-	-
	423,454	261,533	250,264	156,255	247,085	154,865
	(2,901,972)	(4,364,958)	3,354,535	2,850,904	4,013,245	3,667,142
	<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>	<u>22,468,961</u>
	28,739,028	26,579,042	21,292,299	21,768,542	18,422,430	15,279,312
	7,495,520	6,746,040	8,057,987	4,474,787	5,003,212	5,493,597
	<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>	<u>20,772,909</u>
	43,711,639	41,001,606	35,773,772	36,620,039	33,162,400	29,127,975
	4,820,421	4,970,039	4,648,746	4,520,437	4,610,738	4,953,156
	4,593,548	2,381,082	11,412,522	7,325,691	9,016,457	9,160,739
\$	<u>53,125,608</u>	<u>\$ 48,352,727</u>	<u>\$ 51,835,040</u>	<u>\$ 48,466,167</u>	<u>\$ 46,789,595</u>	<u>\$ 43,241,870</u>

CITY OF DEFIANCE, OHIO

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

	<u>2019</u>	<u>2018 (1)</u>	<u>2017</u>	<u>2016</u>
Program revenues:				
Governmental activities:				
Charges for services and sales:				
General government	\$ 639,330	\$ 645,560	\$ 637,646	\$ 596,553
Security of persons and property	1,275,018	1,242,279	1,093,831	1,076,534
Public health and welfare	71,663	63,167	69,450	85,339
Community environment	146,803	94,890	113,649	104,629
Leisure time activity	30,482	26,432	32,492	32,632
Economic development	96,670	127,841	118,907	116,665
Operating grants and contributions	1,762,295	1,437,649	1,340,732	1,413,213
Capital grants and contributions	1,065,338	936,029	793,763	2,561,591
Total governmental activities	<u>5,087,599</u>	<u>4,573,847</u>	<u>4,200,470</u>	<u>5,987,156</u>
Business-type activities:				
Charges for services and sales:				
Sewer	7,412,701	7,289,055	7,274,344	7,033,171
Water	5,826,201	5,587,145	5,559,843	5,919,633
Refuse	934,540	983,244	964,424	952,016
Capital grants and contributions	187,930	166,875	505,586	287,275
Total business-type activities	<u>14,361,372</u>	<u>14,026,319</u>	<u>14,304,197</u>	<u>14,192,095</u>
Total primary government	<u>\$ 19,448,971</u>	<u>\$ 18,600,166</u>	<u>\$ 18,504,667</u>	<u>\$ 20,179,251</u>
Expenses:				
Governmental activities:				
General government	\$ 4,271,614	\$ 3,816,649	\$ 3,644,171	\$ 3,585,624
Security of persons and property	1,838,646	8,250,948	7,320,631	7,462,722
Public health and welfare	463,193	408,324	361,793	413,763
Transportation	2,186,816	2,166,138	1,977,817	2,875,847
Community environment	981,167	881,242	791,726	586,442
Leisure time activity	863,666	869,990	787,699	878,295
Economic development	145,816	2,225,249	363,603	283,231
Utility services	-	-	-	-
Interest and fiscal charges	200,761	169,254	117,760	118,987
Total governmental activities	<u>10,951,679</u>	<u>18,787,794</u>	<u>15,365,200</u>	<u>16,204,911</u>
Business-type activities:				
Sewer	6,012,562	5,839,400	5,783,646	5,358,623
Water	5,560,402	5,410,444	5,440,424	5,033,472
Refuse	990,111	1,291,284	938,888	1,038,273
Total business-type activities	<u>12,563,075</u>	<u>12,541,128</u>	<u>12,162,958</u>	<u>11,430,368</u>
Total primary government	<u>\$ 23,514,754</u>	<u>\$ 31,328,922</u>	<u>\$ 27,528,158</u>	<u>\$ 27,635,279</u>
Net (expense) revenue:				
Governmental activities	\$ (5,864,080)	\$ (14,213,947)	\$ (11,164,730)	\$ (10,217,755)
Business-type activities	1,798,297	1,485,191	2,141,239	2,761,727
Total primary government	<u>\$ (4,065,783)</u>	<u>\$ (12,728,756)</u>	<u>\$ (9,023,491)</u>	<u>\$ (7,456,028)</u>

(1) 2018 amounts have been restated as described in Note 3

	2015	2014	2013	2012	2011	2010
\$	586,116	\$ 442,820	\$ 552,784	\$ 391,824	\$ 367,422	\$ 289,696
	1,171,564	1,060,229	1,198,534	1,130,824	1,191,219	1,343,214
	66,674	105,452	69,403	68,467	68,689	72,449
	90,988	98,521	75,598	109,874	73,168	103,689
	22,450	15,065	16,729	25,780	23,133	25,835
	110,454	128,563	20,567	21,715	573	290
	1,863,760	1,613,806	1,420,889	1,752,458	1,863,347	1,685,214
	677,251	475,707	982,639	489,168	1,056,917	497,525
	<u>4,589,257</u>	<u>3,940,163</u>	<u>4,337,143</u>	<u>3,990,110</u>	<u>4,644,468</u>	<u>4,017,912</u>
	7,036,691	6,842,532	6,252,710	6,388,276	6,113,369	5,279,085
	5,931,419	5,800,439	5,900,065	6,031,392	5,415,327	4,842,869
	945,507	907,542	885,936	876,007	819,619	766,697
	239,844	414,190	158,860	-	-	2,228,539
	<u>14,153,461</u>	<u>13,964,703</u>	<u>13,197,571</u>	<u>13,295,675</u>	<u>12,348,315</u>	<u>13,117,190</u>
\$	<u>18,742,718</u>	<u>17,904,866</u>	<u>17,534,714</u>	<u>17,285,785</u>	<u>16,992,783</u>	<u>17,135,102</u>
\$	3,641,100	\$ 2,943,207	\$ 3,154,896	\$ 3,065,260	\$ 2,817,789	\$ 3,429,558
	6,405,325	5,490,081	5,516,843	5,725,571	5,429,001	6,043,793
	333,559	283,541	259,593	237,991	244,943	224,256
	1,785,648	1,726,774	2,070,218	2,257,425	1,746,391	2,533,251
	424,611	422,575	464,158	600,805	475,458	556,280
	722,802	647,226	777,604	820,217	650,516	740,699
	662,026	458,031	681,350	888,011	903,603	381,070
	-	-	-	-	5,335	-
	119,328	118,383	121,774	124,912	83,200	77,825
	<u>14,094,399</u>	<u>12,089,818</u>	<u>13,046,436</u>	<u>13,720,192</u>	<u>12,356,236</u>	<u>13,986,732</u>
	5,386,271	4,955,025	4,769,476	5,313,868	4,691,866	6,192,897
	4,920,630	4,448,309	5,068,496	4,746,280	4,406,534	4,224,602
	1,011,149	973,524	787,148	828,551	785,210	725,206
	<u>11,318,050</u>	<u>10,376,858</u>	<u>10,625,120</u>	<u>10,888,699</u>	<u>9,883,610</u>	<u>11,142,705</u>
\$	<u>25,412,449</u>	<u>22,466,676</u>	<u>23,671,556</u>	<u>24,608,891</u>	<u>22,239,846</u>	<u>25,129,437</u>
\$	(9,505,142)	\$ (8,149,655)	\$ (8,709,293)	\$ (9,730,082)	\$ (7,711,768)	\$ (9,968,820)
	2,835,411	3,587,845	2,572,451	2,406,976	2,464,705	1,974,485
\$	<u>(6,669,731)</u>	<u>(4,561,810)</u>	<u>(6,136,842)</u>	<u>(7,323,106)</u>	<u>(5,247,063)</u>	<u>(7,994,335)</u>

CITY OF DEFIANCE, OHIO

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

	<u>2019</u>	<u>2018 (1)</u>	<u>2017</u>	<u>2016</u>
General revenues and other changes in net position:				
Governmental activities:				
Income taxes levied for:				
General purposes	\$ 7,159,892	\$ 6,949,666	\$ 6,871,036	\$ 6,527,709
Special purposes	1,851,209	1,776,295	1,758,540	1,658,961
Capital purposes	1,820,629	1,746,952	1,729,490	1,631,555
Property taxes levied for:				
General purposes	611,307	577,777	560,928	603,781
Special purposes	539,819	550,250	540,131	520,946
Grants and entitlements not restricted to specific programs	314,117	277,998	256,159	276,974
Investment earnings	163,562	136,595	109,024	65,862
Payments in lieu of taxes	-	-	-	-
Change in fair value of investments	249,100	(76,555)	(8,649)	10,967
Miscellaneous	304,351	148,069	204,560	142,151
Transfers	15,489	(15,718)	(48,876)	(92,880)
Total governmental activities	<u>13,029,475</u>	<u>12,071,329</u>	<u>11,972,343</u>	<u>11,346,026</u>
Business-type activities:				
Investment earnings	152,184	136,321	106,219	74,504
Miscellaneous	70,638	26,237	71,863	27,772
Transfers	(15,489)	15,718	48,876	92,880
Special items	-	-	-	-
Total business-type activities	<u>207,333</u>	<u>178,276</u>	<u>226,958</u>	<u>195,156</u>
Total primary government	<u>\$ 13,236,808</u>	<u>\$ 12,249,605</u>	<u>\$ 12,199,301</u>	<u>\$ 11,541,182</u>
Change in net position:				
Governmental activities	\$ 7,165,395	\$ (2,142,618)	\$ 807,613	\$ 1,128,271
Business-type activities	2,005,630	1,663,467	2,368,197	2,956,883
Total primary government	<u>\$ 9,171,025</u>	<u>\$ (479,151)</u>	<u>\$ 3,175,810</u>	<u>\$ 4,085,154</u>

(1) 2018 amounts have been restated as described in Note 3

	2015	2014	2013	2012	2011	2010
\$	6,481,829	\$ 6,015,181	\$ 5,760,134	\$ 5,540,859	\$ 5,209,705	\$ 5,458,481
	1,642,395	1,495,912	24,562	23,028	21,871	23,236
	1,628,533	1,521,532	1,411,401	1,381,685	1,312,258	1,394,167
	593,210	620,421	550,030	523,667	521,650	543,275
	487,238	439,290	412,283	403,551	365,707	334,523
	249,294	387,599	524,815	768,909	1,096,255	1,024,894
	38,491	5,153	32,216	25,118	19,885	13,353
	-	-	67,034	66,732	82,256	82,943
	(17,150)	-	-	-	-	-
	258,453	431,790	247,289	201,507	101,646	540,547
	6,264	(1,737,268)	(58,555)	(346,089)	(50,409)	(588,561)
	<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>	<u>8,826,858</u>
	43,082	37,063	30,295	19,942	14,382	5,659
	37,237	63,592	107,946	44,680	263,944	264,453
	(6,264)	1,737,268	58,555	346,089	50,409	588,561
	-	-	337,710	-	-	-
	<u>74,055</u>	<u>1,837,923</u>	<u>534,506</u>	<u>410,711</u>	<u>328,735</u>	<u>858,673</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>	<u>\$ 9,685,531</u>
\$	1,863,415	\$ 1,029,955	\$ 261,916	\$ (1,141,115)	\$ 969,056	\$ (1,141,962)
	2,909,466	5,425,768	3,106,957	2,817,687	2,793,440	2,833,158
\$	<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>	<u>\$ 1,691,196</u>

CITY OF DEFIANCE, OHIO

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

	<u>2019</u>	<u>2018 (1)</u>	<u>2017</u>	<u>2016</u>
General fund:				
Nonspendable	\$ 5,792	\$ 5,748	\$ 3,785	\$ 3,677
Committed	-	-	-	-
Assigned	691,268	1,420,441	325,076	351,793
Unassigned	3,785,296	3,297,366	4,059,005	3,505,898
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>4,482,356</u>	<u>4,723,555</u>	<u>4,387,866</u>	<u>3,861,368</u>
All other governmental funds:				
Nonspendable	57,094	33,990	25,796	45,395
Restricted	4,883,331	4,641,501	4,508,700	4,865,781
Committed	1,180,411	479,067	1,080,278	535,260
Assigned	1	-	-	-
Unassigned (deficit)	(2,402)	-	(105,436)	-
Reserved	-	-	-	-
Unreserved (deficit), reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>6,118,435</u>	<u>5,154,558</u>	<u>5,509,338</u>	<u>5,446,436</u>
Total governmental funds	<u>\$ 10,600,791</u>	<u>\$ 9,878,113</u>	<u>\$ 9,897,204</u>	<u>\$ 9,307,804</u>

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

(1) 2018 amounts have been restated as described in Note 3

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 3,488	\$ 1,414	\$ 93	\$ 93	\$ 87	\$ -
-	-	-	8,165	-	-
61,305	81,324	200,750	535,956	364,029	-
3,176,273	2,538,419	1,638,857	1,050,874	1,255,774	-
-	-	-	-	-	190,796
-	-	-	-	-	1,573,664
<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>	<u>1,764,460</u>
62,290	47,100	33,615	37,124	23,882	-
5,080,218	4,651,756	4,372,647	4,223,607	4,345,580	-
1,200,258	867,404	1,212,727	1,037,169	2,073,285	-
-	-	-	-	-	-
-	(90,666)	(498,051)	-	-	-
-	-	-	-	-	2,959,329
-	-	-	-	-	1,917,162
-	-	-	-	-	(3,128,520)
<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>1,747,971</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>	<u>\$ 3,512,431</u>

CITY OF DEFIANCE, OHIO

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

	<u>2019</u>	<u>2018 (1)</u>	<u>2017</u>	<u>2016</u>
Revenues:				
Income taxes	\$ 10,895,274	\$ 10,449,350	\$ 10,525,260	\$ 9,819,596
Property and other local taxes	1,142,991	1,145,427	1,108,298	1,115,263
Payments in lieu of taxes	-	-	-	-
Charges for services	710,456	690,802	654,361	682,231
Licenses, permits and fees	367,730	322,344	303,024	264,417
Fines and forfeitures	717,982	755,519	830,344	745,139
Intergovernmental	3,222,914	2,488,778	2,324,995	3,933,444
Special assessments	124,530	115,280	138,504	119,791
Investment income	200,368	171,684	137,310	102,619
Donations	165,250	299,308	160,970	415,498
Change in fair value of investments	249,100	(76,555)	(8,649)	10,967
Other	345,641	453,559	232,926	153,871
Total revenues	<u>18,142,236</u>	<u>16,815,496</u>	<u>16,407,343</u>	<u>17,362,836</u>
Expenditures:				
Current:				
General government	3,406,703	3,298,065	3,186,798	3,091,634
Security of persons and property	7,700,894	6,867,820	6,498,441	6,387,578
Public health and welfare	313,033	310,489	275,466	291,343
Transportation	973,132	1,044,641	1,065,310	1,401,327
Community environment	711,550	733,652	639,132	483,181
Leisure time activity	703,338	656,339	624,519	650,598
Economic development	145,816	2,225,249	562,262	386,731
Capital outlay	2,772,141	5,000,472	2,514,477	4,516,353
Debt service:				
Principal retirement	712,564	326,312	320,558	319,823
Interest and fiscal charges	201,058	124,779	129,861	121,399
Bond issuance costs	-	13,000	-	-
Total expenditures	<u>17,640,229</u>	<u>20,600,818</u>	<u>15,816,824</u>	<u>17,649,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>502,007</u>	<u>(3,785,322)</u>	<u>590,519</u>	<u>(287,131)</u>
Other financing sources (uses):				
Premium on notes issued	-	-	9,616	-
Issuance of bonds	-	3,363,000	-	-
Premium on bonds issued	-	-	-	-
Capital lease transaction	196,924	-	-	-
Transfers in	5,743,508	5,543,926	4,748,928	4,264,652
Transfers (out)	(5,728,019)	(5,528,437)	(4,777,509)	(4,258,724)
Issuance of loans	-	-	-	-
Sale of capital assets	8,258	116,961	17,846	5,175
Total other financing sources (uses)	<u>220,671</u>	<u>3,495,450</u>	<u>(1,119)</u>	<u>11,103</u>
Net change in fund balances	<u>\$ 722,678</u>	<u>\$ (289,872)</u>	<u>\$ 589,400</u>	<u>\$ (276,028)</u>
Capital expenditures	\$ 2,819,516	\$ 4,809,994	\$ 2,749,728	\$ 3,387,670
Debt service as a percentage of noncapital expenditures	6.16%	2.86%	3.45%	3.09%

(1) 2018 amounts have been restated as described in Note 3

	2015	2014	2013	2012	2011	2010
\$	9,731,224	\$ 9,059,983	\$ 6,859,653	\$ 6,934,078	\$ 6,645,815	\$ 6,709,254
	1,093,043	1,031,890	967,412	937,902	907,400	882,023
	-	-	67,034	66,732	82,256	82,943
	752,932	677,255	752,837	671,448	664,054	695,129
	288,432	303,813	369,843	259,187	280,571	307,950
	736,546	741,019	790,492	796,536	795,442	838,380
	2,782,356	2,346,937	2,846,068	2,943,779	3,932,905	2,969,152
	122,734	34,246	36,196	40,992	41,695	88,403
	87,084	57,564	85,328	88,827	78,555	76,653
	123,066	52,343	7,553	6,480	40,284	31,167
	(17,150)	-	-	-	-	-
	285,692	429,910	245,989	198,445	99,346	518,328
	<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>	<u>13,199,382</u>
	3,400,259	2,845,060	2,740,480	2,624,218	2,729,651	3,204,581
	6,007,907	5,505,787	5,179,234	5,223,915	5,162,340	5,633,172
	282,332	252,955	224,443	207,560	215,876	209,367
	933,455	873,971	845,468	1,003,738	1,090,575	1,286,092
	385,516	407,403	426,724	506,585	527,416	530,248
	615,564	557,923	552,903	595,366	543,357	542,834
	662,026	492,102	681,350	888,011	903,603	381,070
	1,795,440	2,551,370	3,101,258	3,775,372	1,721,528	4,904,016
	318,923	331,625	184,686	164,543	106,308	104,703
	121,741	120,850	124,250	147,398	52,821	78,407
	-	-	-	-	75,000	-
	<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>	<u>16,874,490</u>
	<u>1,462,796</u>	<u>795,914</u>	<u>(1,032,391)</u>	<u>(2,192,300)</u>	<u>439,848</u>	<u>(3,675,108)</u>
	-	-	-	-	-	-
	-	-	-	-	4,075,000	-
	-	-	-	-	42,588	-
	-	196,890	-	-	-	-
	4,260,305	4,200,300	380,000	410,000	1,459,967	671,356
	(4,254,041)	(4,167,713)	(388,085)	(499,681)	(1,467,197)	(678,192)
	-	110,722	1,108,126	1,112,332	-	-
	18,021	-	-	-	-	-
	<u>24,285</u>	<u>340,199</u>	<u>1,100,041</u>	<u>1,022,651</u>	<u>4,110,358</u>	<u>(6,836)</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>	<u>\$ (3,681,944)</u>
\$	1,705,584	\$ 1,314,436	\$ 1,957,981	\$ 2,299,108	\$ 1,781,679	\$ 3,863,981
	3.44%	3.58%	2.55%	2.43%	1.40%	1.41%

CITY OF DEFIANCE, OHIO

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income tax rate	1.80%	1.80%	1.80%	1.80%
Income tax receipts:				
Employee withholding	\$ 8,101,466	\$ 7,936,162	\$ 7,651,716	\$ 7,264,772
% of total	74.3%	76.8%	73.9%	73.0%
Corporate	1,758,665	1,411,990	1,693,685	1,470,360
% of total	16.1%	13.7%	16.4%	14.8%
Individuals	1,038,572	979,305	1,004,008	1,223,337
% of total	9.5%	9.5%	9.7%	12.3%
Total income tax receipts	<u>\$ 10,898,703</u>	<u>\$ 10,327,457</u>	<u>\$ 10,349,409</u>	<u>\$ 9,958,469</u>

Source: City of Defiance Income Tax

2015	2014	2013	2012	2011	2010
1.80%	1.80%	1.50%	1.50%	1.50%	1.50%
\$ 6,966,593 72.6%	\$ 6,515,630 73.2%	\$ 5,425,774 79.8%	\$ 5,792,726 83.2%	\$ 5,533,044 82.6%	\$ 5,374,407 80.8%
1,561,195 16.3%	1,417,159 15.9%	706,863 10.4%	744,150 10.7%	701,004 10.5%	825,523 12.4%
1,072,016 11.2%	962,614 10.8%	668,325 9.8%	427,740 6.1%	461,777 6.9%	451,815 6.8%
<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>	<u>\$ 6,651,745</u>

CITY OF DEFIANCE, OHIO

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate Components:				
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>
Allocation of Receipts:				
General fund	\$ 7,234,559	\$ 6,855,366	\$ 6,869,938	\$ 6,610,431
% of total	66.38%	66.38%	66.38%	66.38%
Police and fire fund	1,816,814	1,721,587	1,725,247	1,660,077
% of total	16.67%	16.67%	16.67%	16.67%
Capital improvements fund	1,816,814	1,721,587	1,725,246	1,660,077
% of total	16.67%	16.67%	16.67%	16.67%
SCMR fund (street maintenance)	30,561	28,917	28,978	27,884
% of total	0.28%	0.28%	0.28%	0.28%
Total income tax allocated	<u>\$ 10,898,748</u>	<u>\$ 10,327,457</u>	<u>\$ 10,349,409</u>	<u>\$ 9,958,469</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.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
1.195%	1.195%	1.195%	1.195%	1.195%	1.195%
0.3%	0.3%	0.0%	0.0%	0.0%	0.0%
0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
<u>1.80%</u>	<u>1.80%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
\$ 6,381,313	\$ 6,110,345	\$ 5,417,017	\$ 5,548,478	\$ 5,334,329	\$ 5,298,498
66.47%	68.69%	79.65%	79.67%	79.67%	79.66%
1,589,045	1,225,003	-	-	-	-
16.55%	13.77%	0.00%	0.00%	0.00%	0.00%
1,602,533	1,534,374	1,360,193	1,392,923	1,339,176	1,331,064
16.69%	17.25%	20.00%	20.00%	20.00%	20.01%
26,913	25,681	23,752	23,215	22,320	22,184
0.28%	0.29%	0.35%	0.33%	0.33%	0.33%
<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>	<u>\$ 6,651,746</u>

CITY OF DEFIANCE, OHIO

SCHEDULE 7
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities:				
General obligation bonds payable ⁴	\$ 3,832,065	\$ 4,270,189	\$ 3,089,313	\$ 3,266,437
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,890,482	2,000,000	-	-
OWDA loans payable	1,631,826	1,748,385	1,864,944	1,981,503
Capital lease obligations	196,924	50,487	80,240	109,239
Business-type activities:				
General obligation bonds payable ⁴	9,807,326	8,240,123	6,270,992	7,429,523
Special assessment bonds payable	-	-	-	44,070
Bond anticipation notes	-	-	-	-
OWDA loans payable	27,249,919	28,006,203	27,048,372	28,469,070
OPWC loans payable	2,164,916	2,299,029	2,452,740	1,523,808
Total primary government	<u>\$ 46,773,458</u>	<u>\$ 46,614,416</u>	<u>\$ 40,806,601</u>	<u>\$ 42,823,650</u>
Debt per capita:				
City population ¹	16,634	16,653	16,705	16,671
Outstanding debt per capita	\$ 2,812	\$ 2,799	\$ 2,443	\$ 2,569
Debt as percentage of personal income:				
Personal income ²	\$ 692,181,020	\$ 691,765,620	\$ 659,212,710	\$ 645,567,804
Percentage of personal income	6.76%	6.74%	6.19%	6.63%
Business-type debt per customer:				
Number of customers ³	6,615	6,611	6,593	6,654
Outstanding debt per customer	\$ 5,929	\$ 5,830	\$ 5,426	\$ 5,631

Notes and sources:

¹U.S. Census Bureau.

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

³Number of water customers per the City of Defiance Utility Billing Office.

⁴Includes unamortized bond premiums.

	2015	2014	2013	2012	2011	2010
\$	3,443,561	\$ 3,620,685	\$ 3,792,809	\$ 3,964,933	\$ 4,117,057	\$ 40,000
	-	-	13,043	27,729	42,272	106,815
	-	-	-	-	-	-
	2,098,062	2,214,437	2,220,458	1,112,332	-	-
	137,503	165,051	-	-	-	1,765
	5,743,854	6,477,095	7,175,337	7,848,578	8,486,820	9,105,062
	53,631	62,672	71,222	79,307	86,952	94,182
	2,704,000	3,139,000	3,574,000	2,986,000	3,493,000	3,920,000
	30,198,958	31,533,115	32,532,365	31,610,089	32,816,389	32,714,041
	155,661	217,232	289,420	371,573	451,992	530,737
\$	44,535,230	\$ 47,429,287	\$ 49,668,654	\$ 48,000,541	\$ 49,494,482	\$ 46,512,602
	16,763	16,862	16,926	17,044	17,152	16,494
\$	2,657	\$ 2,813	\$ 2,934	\$ 2,816	\$ 2,886	\$ 2,820
\$	626,567,414	\$ 629,121,220	\$ 616,614,180	\$ 585,461,400	\$ 571,298,816	\$ 512,089,218
	7.11%	7.54%	8.06%	8.20%	8.66%	9.08%
	6,649	6,635	6,669	6,619	6,641	6,607
\$	5,844	\$ 6,244	\$ 6,544	\$ 6,481	\$ 6,827	\$ 7,017

CITY OF DEFIANCE, OHIO

SCHEDULE 8
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Population¹	16,634	16,653	16,705	16,671
Assessed value²	\$ 328,938,220	\$ 322,565,510	\$ 309,257,400	\$ 309,257,400
General bonded debt:				
General obligation bonds payable ³	\$ 13,639,391	\$ 12,510,312	\$ 9,360,305	\$ 10,695,960
Ratio of net bonded debt to assessed value	4.15%	3.88%	3.03%	3.46%
Net bonded debt per capita	\$ 820	\$ 751	\$ 560	\$ 642

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:

¹U.S. Census Bureau.

²Defiance County Auditor.

³Includes unamortized bond premiums.

2015	2014	2013	2012	2011	2010
16,763	16,862	16,926	17,044	17,152	16,494
\$ 320,277,520	\$ 319,027,680	\$ 299,057,480	\$ 300,457,400	\$ 276,385,000	\$ 277,919,920
\$ 9,187,415	\$ 10,097,780	\$ 10,968,146	\$ 11,813,511	\$ 12,603,877	\$ 9,145,062
2.87%	3.17%	3.67%	3.93%	4.56%	3.29%
\$ 548	\$ 599	\$ 648	\$ 693	\$ 735	\$ 554

CITY OF DEFIANCE, OHIO

SCHEDULE 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct - City of Defiance	\$ 7,551,297	100.00%	\$ 7,551,297
Overlapping Debt:			
Defiance County	2,014,173	34.00%	684,819
Defiance City School District	22,200,000	83.18%	18,465,960
Ayersville Local School District	16,162,943	23.41%	3,783,745
Four County Career Center Joint Vocational School District	2,290,000	9.19%	210,451
Northeastern Local School District	23,410,000	26.01%	6,088,941
Total overlapping debt	<u>66,077,116</u>		<u>29,233,916</u>
Total direct and overlapping debt	<u>\$ 73,628,413</u>		<u>\$ 36,785,213</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total assessed property value	\$ 328,938,220	\$ 322,565,510	\$ 309,257,400	\$ 309,257,400
Overall legal debt limit (10 1/2 % of assessed valuation)	<u>34,538,513</u>	<u>33,869,379</u>	<u>32,472,027</u>	<u>32,472,027</u>
Debt outstanding:				
General obligation bonds payable ²	13,391,914	12,188,205	8,963,568	10,224,593
Special assessment bonds payable	-	-	-	44,070
Land acquisition bonds payable	1,890,482	2,000,000	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	28,881,745	29,754,588	28,913,316	30,450,573
OPWC loans payable	<u>2,164,916</u>	<u>2,299,029</u>	<u>2,452,740</u>	<u>1,523,808</u>
Total gross indebtedness	<u>46,329,057</u>	<u>46,241,822</u>	<u>40,329,624</u>	<u>42,243,044</u>
Less ¹ :				
General obligation bonds payable ²	9,584,914	7,945,205	5,903,568	6,989,593
Special assessment bonds payable	-	-	-	44,070
Bond anticipation notes	-	-	-	-
OWDA loans payable	28,881,745	29,754,588	28,913,316	30,450,573
OPWC loans payable	<u>2,164,916</u>	<u>2,299,029</u>	<u>2,452,740</u>	<u>1,523,808</u>
Total net debt applicable to debt limit	<u>5,697,482</u>	<u>6,243,000</u>	<u>3,060,000</u>	<u>3,235,000</u>
Add: debt service fund equity	<u>621,729</u>	<u>602,796</u>	<u>592,151</u>	<u>570,714</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 29,462,760</u>	<u>\$ 28,229,175</u>	<u>\$ 30,004,178</u>	<u>\$ 29,807,741</u>
Legal debt margin as a percentage of the debt limit	85.30%	83.35%	92.40%	91.80%
Unvoted debt limit	<u>18,091,602</u>	<u>17,741,103</u>	<u>17,009,157</u>	<u>17,009,157</u>
Unvoted legal debt margin within 5 1/2 % limitation	<u>\$ 18,091,602</u>	<u>\$ 17,741,103</u>	<u>\$ 17,009,157</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:

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

²Excludes unamortized bond premiums.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 320,277,520	\$ 319,027,680	\$ 299,057,480	\$ 300,457,400	\$ 276,385,000	\$ 277,919,920
33,629,140	33,497,906	31,401,035	31,548,027	29,020,425	29,181,592
8,860,000	9,725,000	10,550,000	11,350,000	12,095,000	8,635,000
53,631	62,672	84,265	107,036	129,224	200,997
-	-	-	-	-	-
2,704,000	3,139,000	3,574,000	2,986,000	3,493,000	3,920,000
32,297,020	33,747,552	34,752,823	31,610,089	32,816,389	32,714,041
155,661	217,232	289,420	371,573	451,992	530,737
<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>	<u>46,000,775</u>
5,450,000	6,140,000	6,795,000	7,425,000	8,020,000	8,595,000
53,631	62,672	84,265	107,036	129,224	200,997
2,704,000	3,139,000	3,574,000	2,986,000	3,493,000	3,920,000
32,297,020	33,747,552	34,752,823	31,610,089	32,816,389	32,714,041
155,661	217,232	289,420	371,573	451,992	530,737
<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>40,000</u>
<u>565,440</u>	<u>556,615</u>	<u>620,652</u>	<u>765,828</u>	<u>1,007,820</u>	<u>1,003,362</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>	<u>\$ 30,144,954</u>
91.54%	90.96%	90.02%	89.99%	89.43%	103.30%
<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>15,285,596</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>\$ 15,285,596</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
OWDA Loans - Sewer System¹				
Gross revenues ²	\$ 7,531,248	\$ 7,396,693	\$ 7,380,647	\$ 7,091,386
Direct operating expenses ³	3,811,476	3,724,229	3,779,418	3,274,574
Net revenue available for debt service	<u>3,719,772</u>	<u>3,672,464</u>	<u>3,601,229</u>	<u>3,816,812</u>
Annual debt service requirement ⁴	2,607,941	2,383,430	2,376,078	2,342,678
Coverage	1.43	1.54	1.52	1.63
OWDA Loans - Water Reservoir				
Gross revenues ²	\$ 5,930,476	\$ 5,642,065	\$ 5,626,240	\$ 5,957,319
Direct operating expenses ³	4,230,353	4,148,073	4,205,112	3,729,053
Net revenue available for debt service	<u>1,700,123</u>	<u>1,493,992</u>	<u>1,421,128</u>	<u>2,228,266</u>
Annual debt service requirement ⁴	433,466	433,283	433,107	432,939
Coverage	3.92	3.45	3.28	5.15

Notes:

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

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

³Direct operating expenses do not include depreciation expense.

⁴Includes only principal and interest payments associated with pledged revenues.

Source: City of Defiance Finance Department.

	2015	2014	2013	2012	2011	2010
\$	7,091,366	\$ 6,895,460	\$ 6,270,952	\$ 6,437,330	\$ 6,364,585	\$ 5,528,935
	3,128,395	2,820,670	3,035,848	3,664,100	2,954,268	4,941,769
	<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>	<u>587,166</u>
	2,388,868	2,321,512	2,087,309	2,905,438	3,061,015	2,035,828
	1.66	1.76	1.55	0.95	1.11	0.29
\$	5,957,063	\$ 5,843,398	\$ 6,030,551	\$ 6,045,464	\$ 5,442,437	\$ 4,863,131
	3,484,253	3,061,255	3,712,770	3,328,556	2,885,831	2,692,862
	<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>	<u>2,170,269</u>
	438,506	438,506	438,505	438,506	431,761	444,610
	5.64	6.34	5.29	6.20	5.92	4.88

CITY OF DEFIANCE, OHIO

SCHEDULE 12
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population ¹	Total Personal Income ²	Per Capita Personal Income ²	Public School Enrollment ³	Unemployment Rates ⁴		
					Defiance County	State of Ohio	United States
2019	16,634	\$ 690,976,360	\$ 41,540	2,457	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%
2010	16,494	512,089,218	31,047	2,723	11.8%	10.0%	9.6%

Notes and Sources:

¹U.S. Census Bureau.

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

³Defiance City Schools.

⁴U.S. Department of Labor, Bureau of Labor Statistics (annual average).

CITY OF DEFIANCE, OHIO
SCHEDULE 13
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Tax Year 2018		
	Employees¹	Rank	Percentage of Total City Employment
Johns Manville Corporation (MFG)	721	1	3.46%
Defiance Metal Products (MFG)	567	2	2.72%
Defiance City Schools	559	3	2.69%
Defiance College	494	4	2.37%
Wal Mart (RETAIL)	417	5	2.00%
Defiance Regional Medical Center	392	6	1.88%
Defiance County	378	7	1.82%
B&B Molded Plastics (MFG)	328	8	1.58%
Meijer (RETAIL)	311	9	1.49%
Menard's (RETAIL)	268	10	1.29%
	4,435		21.30%
Total Employment Within the City	20,817		

Employer	Tax Year 2009		
	Employees¹	Rank	Percentage of Total City Employment
Johns Manville Corporation (MFG)	711	1	3.96%
General Motors Company (MFG)	662	2	3.69%
Defiance Metal Products (MFG)	629	3	3.51%
Defiance College	532	4	2.96%
Defiance City Schools	492	5	2.74%
Wal Mart (RETAIL)	384	6	2.14%
Defiance County	378	7	2.11%
Defiance Regional Medical Center	366	8	2.04%
Meijer (RETAIL)	318	9	1.77%
Fauster-Cameron (HLTH)	271	10	1.51%
	4,743		26.43%
Total Employment Within the City	17,944		

Notes:

¹Employee 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.

²The information for tax year 2018 and tax year 2009 is the most current information covering a ten-year period available as of December 31, 2019.

Source: City of Defiance Income Tax Division.

CITY OF DEFIANCE, OHIO

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

Function/Division	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Council*	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	13.8	14.0	13.5	13.3	12.9	13.0	12.5	13.5	13.8	13.3
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	4.9	4.3	3.8	3.8	3.7	3.8	3.8
Law	3.0	3.0	3.4	3.5	3.5	3.4	3.0	3.3	3.8	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	1.7	2.0
Buildings and Land Engineer	2.6 8.6	2.5 9.2	2.2 9.1	2.1 6.9	1.9 5.4	1.6 6.6	1.6 5.7	1.6 6.5	1.6 5.6	1.6 6.2
	<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>	<u>38.7</u>
Security of Persons and Property:										
Police	36.8	34.7	33.4	33.9	33.2	34.1	31.3	31.1	31.7	32.8
Fire	48.5	38.9	37.7	38.4	37.8	35.2	29.7	28.7	30.6	32.7
	<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>	<u>65.5</u>
Leisure Time Activities:										
Parks and Recreation	8.0	7.9	7.2	8.3	7.1	7.9	7.7	7.8	7.2	7.1
Cemetery	4.8	5.0	4.2	4.4	4.4	4.2	3.8	3.0	2.9	2.8
Cultural/Historian*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	<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>	<u>10.4</u>
Community Development:										
Building Inspections	1.6	2.2	2.0	2.3	1.8	1.9	2.5	2.1	1.6	1.4
Transportation:										
Streets	10.5	10.6	10.2	10.3	10.8	11.6	9.6	10.1	11.1	11.2
Utility Services:										
Utility Billing	6.0	6.0	6.0	5.8	6.1	6.4	6.8	6.1	6.1	6.1
Water Treatment/Distribution	20.0	19.9	20.1	19.8	19.9	21.5	19.7	20.1	19.9	22.4
Wastewater Treatment/Collection	20.2	19.6	19.9	20.0	18.5	20.3	18.0	18.3	18.9	18.2
	<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>	<u>46.7</u>
Total	<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>	<u><u>173.9</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

Function/Program	2019	2018	2017	2016
General Government:				
General fund beginning balance (cash)	\$3,546,284	\$3,699,172	\$3,041,951	\$2,305,035
General fund revenues (cash)	10,803,107	12,298,444	10,394,316	9,881,035
General fund expenditures (cash)	11,172,224	12,451,332	9,737,095	9,144,119
General fund ending balance (cash)	<u>\$3,177,167</u>	<u>\$3,546,284</u>	<u>\$3,699,172</u>	<u>\$3,041,951</u>
Municipal Court:				
Cases heard and closed	9,047	9,782	10,749	9,191
Police:				
Total calls for services	20,486	17,934	20,434	17,517
Traffic violations	1,249	1,428	1,509	1,349
Motor vehicle accidents	769	789	832	830
Criminal arrests	1,045	1,110	1,417	1,132
Fire/Emergency Medical Services:				
Fire calls	508	565	487	410
EMS calls	2,111	2,268	2,356	2,088
Fire safety inspections	1,062	1,176	1,078	1,361
Building Inspections:				
Construction permits issued	1,029	970	1,070	1,151
Estimated value of construction	\$7,859,091	\$6,817,870	\$8,003,585	\$8,078,849
Recreation:				
Swimming pool memberships	34	35	68	52
Shelter house rentals	62	61	59	51
Streets:				
Salt usage (tons)	706	814	481	957
Cost of salt purchased	\$59,113	\$54,697	\$31,818	\$73,628
Water:				
Monthly avg. water treated (mil. Gal.)	93.0	88.2	91.1	91.2
Water customers	6,615	6,611	6,593	6,654
Water main breaks repaired	10	31	23	18
Water Pollution Control:				
Sewer lines cleaned/repared (ft.)	59,178	65,189	68,220	85,143
Sewer customers	6,484	6,483	6,466	6,513

Sources: Various City of Defiance Divisions.

2015	2014	2013	2012	2011	2010
\$1,929,849	\$1,159,602	\$1,239,095	\$1,376,242	\$1,511,693	\$1,970,107
9,740,976	9,491,539	8,709,434	8,831,048	8,901,881	8,358,947
9,365,790	8,721,292	8,788,927	8,968,195	9,037,332	8,817,361
<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>	<u>\$1,511,693</u>
9,163	9,761	9,832	9,688	9,572	9,998
16,964	18,203	18,353	21,030	23,194	25,834
1,236	1,571	1,983	1,485	1,590	1,710
896	909	805	846	826	821
1,322	1,596	2,045	2,031	2,164	2,185
437	415	603	629	474	574
2,189	1,841	1,439	1,477	1,609	1,475
1,409	1,019	1,142	1,296	848	35
998	897	925	1,007	937	1,161
\$5,035,057	\$5,649,615	\$5,902,162	\$6,253,697	\$4,913,011	\$7,161,765
38	51	50	55	40	41
55	61	45	57	54	64
491	1,021	918	706	953	1,051
\$45,376	\$55,316	\$42,371	\$47,986	\$64,961	\$71,442
84.7	90.7	98.4	106.8	97.9	112.2
6,649	6,635	6,669	6,619	6,641	6,607
30	32	50	0	49	74
70,100	84,500	76,000	86,440	32,304	17,640
6,492	6,495	6,523	6,422	6,438	6,426

CITY OF DEFIANCE, OHIO

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

Function/Program	2019	2018	2017	2016
Police:				
Stations	1	1	1	1
Vehicles	16	15	14	13
Fire/EMS:				
Stations	2	1	1	1
Vehicles - Fire	9	9	9	9
Vehicles - EMS	3	5	3	3
Parks and Recreation:				
Parks	9	8	8	8
Pools	1	1	1	1
Splash Pads	1	1	0	0
Tennis courts	8	8	8	8
Sand volleyball courts	2	2	2	2
Basketball courts	5	4	4	4
Ball fields	13	12	12	12
Park shelter houses	14	13	13	13
Streets:				
Streets (miles)	130.3	128.64	128.50	128.50
Vehicles	17	18	18	18
Water:				
Water lines (miles)	184.82	184.82	184.82	156.40
Towers	2	2	2	3
Tower capacity	2.0 mg	2.0 mg	2.0 mg	1.6 mg
Reservoir capacity	350 mg	350 mg	350 mg	350 mg

Sources: Various City of Defiance Divisions.

2015	2014	2013	2012	2011	2010
1	1	1	1	1	1
13	13	13	12	12	12
1	1	1	1	1	1
9	9	10	9	9	9
3	3	3	3	3	3
8	8	1	8	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
13	14	14	14	14	14
13	13	13	13	13	13
127.80	122.80	142.00	142.00	110.12	103.66
18	17	18	18	17	18
151.80	151.80	151.80	126.37	125.62	123.54
3	3	3	3	3	3
1.6 mg					
350 mg					

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CITY OF DEFIANCE
DEFIANCE COUNTY, OHIO

Supplemental Report

**For the Year Ended
December 31, 2019**

**CITY OF DEFIANCE
DEFIANCE COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards* 1 - 2

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of and for the year ended December 31, 2019, 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 August 20, 2020, wherein we noted as discussed in Note 3, the City of Defiance restated the health care trust fund as part of the general fund. We also noted the City of Defiance chose to utilize Governmental Accounting Standards Board (GASB) Statement No. 95, allowing them to postpone implementation of any newly applicable GASB pronouncements until the report date of December 31, 2020. Furthermore, as discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
August 20, 2020

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 10/6/2020

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