



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF DEFIANCE
DEFIANCE COUNTY
DECEMBER 31, 2021

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CITY OF DEFIANCE
DEFIANCE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Development Services Agency</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-E-19-2BD-1	\$ 14,800
Total U.S. Department of Housing and Urban Development			<u>14,800</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Assistance</i>			
Bulletproof Vest Partnership Program	16.607	2021	4,298
Total U.S. Department of Justice			<u>4,298</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	PID #103689	1,053,609
Total U.S. Department of Transportation			<u>1,053,609</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	66,705
Total U.S. Department of Treasury			<u>66,705</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Assistance</i>			
COVID-19 Provider Relief Fund	93.498	COVID-19	21,666
Total U.S. Department of Health and Human Services			<u>21,666</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency</i>			
Hazard Mitigation Grant	97.039	FEMA-DR-4360.03R-OH	84,211
Hazard Mitigation Grant	97.039	FEMA-DR-4360.08R-OH	332,781
Total Hazard Mitigation Grant			<u>416,992</u>
<i>Direct Assistance</i>			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00133	155,128
Total U.S. Department of Homeland Security			<u>572,120</u>
Total Expenditures of Federal Awards			<u>\$ 1,733,198</u>

The accompanying notes are an integral part of this schedule.

**CITY OF DEFIANCE
DEFIANCE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Defiance, Defiance County, Ohio (the City) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

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

The current cash balance on the City's local program income account as of December 31, 2021 is \$619,099.

In 2020, the City agreed to merge the Housing RLF accounts of the City, Defiance County, and Paulding County. The three communities have entered into a partnership, the Maumee Valley South CHIP Consortium, which administers the Community Housing Impact and Preservation (CHIP) program throughout its jurisdiction. The City's housing balances were transferred to Defiance County which serves as the lead entity of the consortium. The City retained its business loan program balance.

NOTE E – MATCHING REQUIREMENTS

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

OHIO AUDITOR OF STATE KEITH FABER



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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 43512-2779

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2022

OHIO AUDITOR OF STATE KEITH FABER



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

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

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Defiance, Defiance County, Ohio's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Defiance's major federal program for the year ended December 31, 2021. City of Defiance's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Defiance complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 24, 2022. Our Opinion noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2022

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**CITY OF DEFIANCE
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

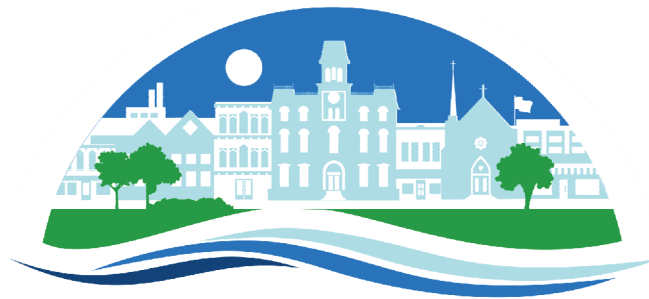
None

3. FINDINGS FOR FEDERAL AWARDS

None

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City of Defiance, Ohio



DEFIANCE
a great place to live

Annual Comprehensive Financial Report

for the year ended December 31, 2021

CITY OF DEFIANCE, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

JOHN W. LEHNER
FINANCE DIRECTOR

PREPARED BY THE CITY FINANCE DEPARTMENT

INTRODUCTORY SECTION

CITY OF DEFIANCE, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

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June 30, 2022

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

Transmittal Letter

I am pleased to submit the Annual Comprehensive Financial Report for the City of Defiance, Ohio (the “City”) for the year ended December 31, 2021. The Annual Comprehensive Financial Report is the official report of the City’s operations and financial position for the year, and has been developed for the benefit of Defiance residents and elected officials, investment banks, underwriters and all other interested parties. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

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

The City is required by State law to have an annual audit performed by the Auditor of State’s Office or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State’s Office performed the audit for the year ended December 31, 2021, and they have issued an unmodified (“clean”) opinion. The Independent Auditor’s Report on the City’s financial statements is included in the Financial Section of this report.

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

As part of the City’s independent audit, tests are made to determine the adequacy of the internal controls, as well as to determine that the City has complied with applicable laws and regulations. The results of the City’s independent audit for the year ended December 31, 2021, 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 17,000 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.

In 2021, the local economy was rebounding from the effects of the COVID-19 pandemic, not unlike many other areas of the country. Unemployment numbers dropped, incomes rose, and the City's income tax revenues rebounded strongly. Income tax receipts, the City's largest single source of revenue, were up 13.5% over 2020, which had been down about 3.5% during the worst of the pandemic. In keeping with momentum of the last several years, multiple new retail enterprises were opened during 2021, and county-wide sales tax revenues increased, as well. Unemployment rates in Defiance County averaged 3.1% in 2021. Comparable numbers for the State of Ohio and the United States were 4.0% and 4.5%, respectively.

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

Long-Term Financial Planning

The General Fund cash balance increased approximately \$1,000,000 in 2021 to \$5.47 million, a 22.4% increase. The increase was primarily attributable to income tax revenues that came in at a much higher level than originally anticipated. The City anticipates a comparable number in 2022, which is strong, but represents a cooling off the previous year's growth. The City expects to receive additional federal stimulus funding in 2022, which is likely to be used toward capital infrastructure related to ongoing economic development efforts. As has been past practice, the City Council and Administration recognize the one-time nature of stimulus dollars and that tax revenues can fluctuate from year to year, and thus will plan operating budgets with conservative growth in mind.

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

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

The City may issue a modest amount of new debt in 2022 to complete the aforementioned capital infrastructure related to ongoing economic development efforts. This involves the extension of a road and utility infrastructure that will run to and through a new industrial park currently being developed.

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 annual comprehensive financial report for the year ended December 31, 2020. 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City has received it for each of the last ten years. We believe that our current annual comprehensive 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.

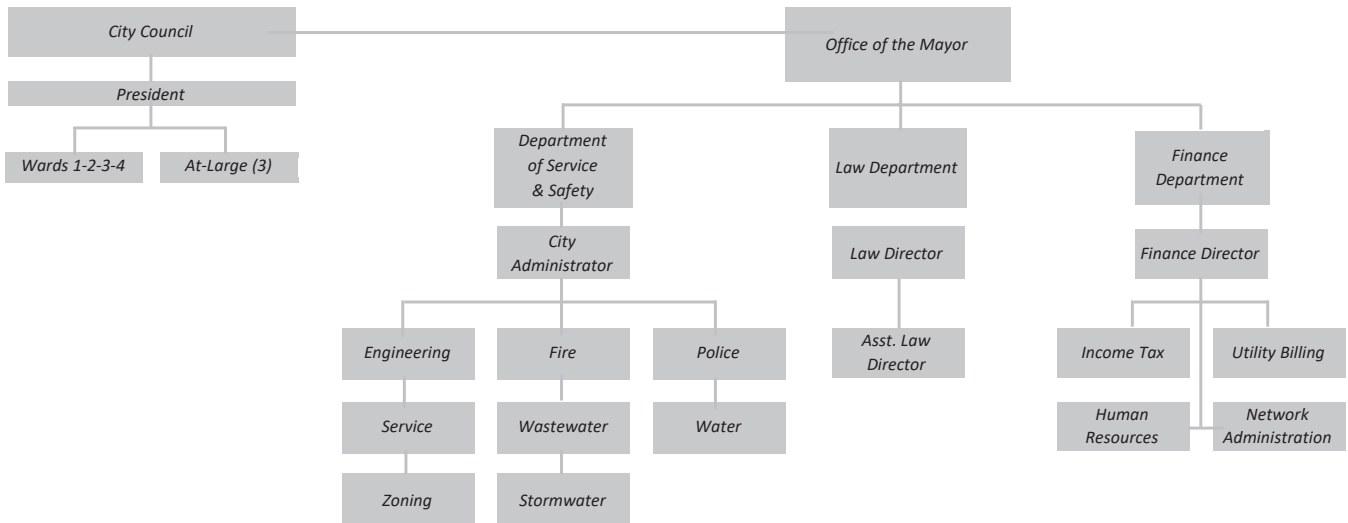
I would like to express my appreciation to the employees of the Defiance Finance Department for their hard work and professionalism. The successful preparation of this document would not be possible without their efforts. I would also like to thank the Mayor and Members of City Council for their ongoing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

Respectfully submitted,

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

John W. Lehner
Finance Director

CITY OF DEFIANCE, OHIO
ORGANIZATIONAL CHART



CITY OF DEFIANCE, OHIO
LIST OF ELECTED AND APPOINTED OFFICIALS
AS OF DECEMBER 31, 2021

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	Steve Corbitt
2 nd Ward	John Hancock
3 rd Ward	John Mast
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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 for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The financial section's combining statements, individual fund statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2022

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (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, 2021. 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 2021 are as follows:

- The City's total net position increased \$11,473,495. Net position of governmental activities increased \$6,999,429 from 2020's net position, and net position of business-type activities increased \$4,474,066 from 2020's net position.
- General revenues accounted for \$14,229,327, or 66.47% of total governmental activities revenue. Program specific revenues accounted for \$7,178,303 or 33.53% of total governmental activities revenue.
- The City had \$14,423,690 in expenses related to governmental activities; \$7,178,303 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 \$14,229,327.
- The City has three major governmental funds, the general fund, the police and fire fund, and the capital improvement fund. The general fund had revenues and other financing sources of \$10,723,805 in 2021, while the expenditures and other financing uses totaled \$9,723,326. The net increase in fund balance for the general fund was \$1,000,479.
- The police and fire fund had revenues and other financing sources in the amount of \$6,228,270 in 2021, and expenditures totaling \$6,445,002. The net decrease in fund balance for the police and fire fund was \$216,732.
- The capital improvement fund had revenues and other financing sources of \$5,001,873 and expenditures of \$6,068,776 in 2021. The net decrease in fund balance for the capital improvement fund was \$1,066,903.
- Net position for the business-type activities, which is made up of the sewer, water, refuse, and utility deposit enterprise funds, increased in 2021 by \$4,474,066. 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 \$1,425,960 more than the amounts reported in the final budget and other financing sources, and actual expenditures and other financing uses were \$390,161 less than the amounts reported in the final budget as a result of closely monitored spending practices. Original budgeted revenues and other financing sources were consistent with the final budget and other financing sources. Budgeted expenditures and other financing uses increased \$155,700 from the original to the final budget.

Using this Annual Comprehensive Financial Report (ACFR)

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, 2021 (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 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

CITY OF DEFIANCE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

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 improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, refuse, and utility deposits management functions. The City's major enterprise funds are the sewer fund and the water fund.

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension/OPEB assets and liabilities.

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CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of December 31, 2021 and 2020.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current and other assets	\$ 17,925,054	\$ 16,519,706	\$ 9,367,314	\$ 8,009,374	\$ 27,292,368	\$ 24,529,080
Capital assets, net	35,217,619	31,486,966	90,037,562	83,910,683	125,255,181	115,397,649
Total assets	<u>53,142,673</u>	<u>48,006,672</u>	<u>99,404,876</u>	<u>91,920,057</u>	<u>152,547,549</u>	<u>139,926,729</u>
<u>Deferred outflows of resources</u>						
Unamortized deferred charges	16,476	18,137	50,345	67,383	66,821	85,520
Pension	2,942,396	3,555,621	970,767	496,768	3,913,163	4,052,389
OPEB	1,350,375	1,760,174	572,409	372,483	1,922,784	2,132,657
Total deferred outflows of resources	<u>4,309,247</u>	<u>5,333,932</u>	<u>1,593,521</u>	<u>936,634</u>	<u>5,902,768</u>	<u>6,270,566</u>
<u>Liabilities</u>						
Current liabilities	1,548,290	911,708	2,623,008	857,440	4,171,298	1,769,148
Long-term liabilities:						
Due within one year	1,410,330	1,291,911	3,653,966	3,355,764	5,064,296	4,647,675
Net pension liability	13,913,280	15,910,240	2,034,089	2,824,976	15,947,369	18,735,216
Net OPEB liability	1,698,799	4,724,286	-	2,106,420	1,698,799	6,830,706
Other amounts	7,263,767	7,781,960	38,921,810	36,390,014	46,185,577	44,171,974
Total liabilities	<u>25,834,466</u>	<u>30,620,105</u>	<u>47,232,873</u>	<u>45,534,614</u>	<u>73,067,339</u>	<u>76,154,719</u>
<u>Deferred inflows of resources</u>						
Property taxes	832,220	824,300	-	-	832,220	824,300
Pension	3,280,876	2,187,880	1,609,662	611,853	4,890,538	2,799,733
OPEB	1,948,418	1,151,808	1,271,504	299,932	3,219,922	1,451,740
Total deferred inflows of resources	<u>6,061,514</u>	<u>4,163,988</u>	<u>2,881,166</u>	<u>911,785</u>	<u>8,942,680</u>	<u>5,075,773</u>
<u>Net position</u>						
Net investment in capital assets	28,418,498	26,012,948	45,930,518	44,812,994	74,349,016	70,825,942
Restricted	5,209,917	5,440,665	-	-	5,209,917	5,440,665
Unrestricted (deficit)	<u>(8,072,475)</u>	<u>(12,897,102)</u>	<u>4,953,840</u>	<u>1,597,298</u>	<u>(3,118,635)</u>	<u>(11,299,804)</u>
Total net position	<u>\$ 25,555,940</u>	<u>\$ 18,556,511</u>	<u>\$ 50,884,358</u>	<u>\$ 46,410,292</u>	<u>\$ 76,440,298</u>	<u>\$ 64,966,803</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, 2021 (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, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$76,440,298. At December 31, 2021, net position was \$25,555,940 and \$50,884,358 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, 2021
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At December 31, 2021, capital assets represented 82.11% 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 66.27% of total assets, while capital assets of the business-type activities represented 90.58% of total assets. The net investment in capital assets at December 31, 2021 was \$28,418,498 and \$45,930,518 in governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$5,209,917, 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, 2021
(UNAUDITED)

The table below shows the changes in net position for 2021 and 2020.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2021	2020
	Activities	Activities	Activities	Activities	Total	Total
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>		
Revenues:						
Program revenues:						
Charges for services and sales	\$ 1,947,191	\$ 15,222,375	\$ 1,963,924	\$ 14,678,913	\$ 17,169,566	\$ 16,642,837
Operating grants and contributions	2,574,037	-	3,238,068	-	2,574,037	3,238,068
Capital grants and contributions	<u>2,657,075</u>	<u>236,976</u>	<u>2,019,938</u>	<u>27,083</u>	<u>2,894,051</u>	<u>2,047,021</u>
Total program revenues	<u>7,178,303</u>	<u>15,459,351</u>	<u>7,221,930</u>	<u>14,705,996</u>	<u>22,637,654</u>	<u>21,927,926</u>
General revenues:						
Property taxes	1,123,064	-	1,043,273	-	1,123,064	1,043,273
Income taxes	12,081,854	-	10,582,549	-	12,081,854	10,582,549
Unrestricted grants and entitlements	549,519	-	347,125	-	549,519	347,125
Investment earnings	95,488	65,369	123,741	96,399	160,857	220,140
Change in fair value of investments	(136,544)	-	314,194	-	(136,544)	314,194
Miscellaneous	<u>515,946</u>	<u>16,609</u>	<u>1,028,138</u>	<u>136,787</u>	<u>532,555</u>	<u>1,164,925</u>
Total general revenues	<u>14,229,327</u>	<u>81,978</u>	<u>13,439,020</u>	<u>233,186</u>	<u>14,311,305</u>	<u>13,672,206</u>
Total revenues	<u>21,407,630</u>	<u>15,541,329</u>	<u>20,660,950</u>	<u>14,939,182</u>	<u>36,948,959</u>	<u>35,600,132</u>
Expenses:						
General government	2,854,016	-	3,804,175	-	2,854,016	3,804,175
Security of persons and property	7,931,038	-	8,462,178	-	7,931,038	8,462,178
Public health and welfare	572,295	-	395,628	-	572,295	395,628
Transportation	2,019,417	-	2,158,810	-	2,019,417	2,158,810
Community environment	145,713	-	746,462	-	145,713	746,462
Leisure time activity	587,693	-	616,210	-	587,693	616,210
Economic development	173,360	-	327,664	-	173,360	327,664
Interest and fiscal charges	140,158	-	228,526	-	140,158	228,526
Water	-	4,625,428	-	5,481,227	4,625,428	5,481,227
Sewer	-	5,409,481	-	5,757,708	5,409,481	5,757,708
Other business-type activities	<u>-</u>	<u>1,016,865</u>	<u>-</u>	<u>1,048,600</u>	<u>1,016,865</u>	<u>1,048,600</u>
Total expenses	<u>14,423,690</u>	<u>11,051,774</u>	<u>16,739,653</u>	<u>12,287,535</u>	<u>25,475,464</u>	<u>29,027,188</u>
Change in net position before transfers	<u>6,983,940</u>	<u>4,489,555</u>	<u>3,921,297</u>	<u>2,651,647</u>	<u>11,473,495</u>	<u>6,572,944</u>
Transfers	<u>15,489</u>	<u>(15,489)</u>	<u>15,489</u>	<u>(15,489)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>6,999,429</u>	<u>4,474,066</u>	<u>3,936,786</u>	<u>2,636,158</u>	<u>11,473,495</u>	<u>6,572,944</u>
Net position, beginning of year	<u>18,556,511</u>	<u>46,410,292</u>	<u>14,619,725</u>	<u>43,774,134</u>	<u>64,966,803</u>	<u>58,393,859</u>
Net position, end of year	<u>\$ 25,555,940</u>	<u>\$ 50,884,358</u>	<u>\$ 18,556,511</u>	<u>\$ 46,410,292</u>	<u>\$ 76,440,298</u>	<u>\$ 64,966,803</u>

CITY OF DEFIANCE, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$6,999,429.

Expenses of the governmental activities decreased \$2,315,963. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

During 2021, the City’s income tax revenue increased \$1,499,305 over 2020’s. This increase is the result of taxpayers’ increasing employment in 2021 from 2020’s COVID-19 pandemic.

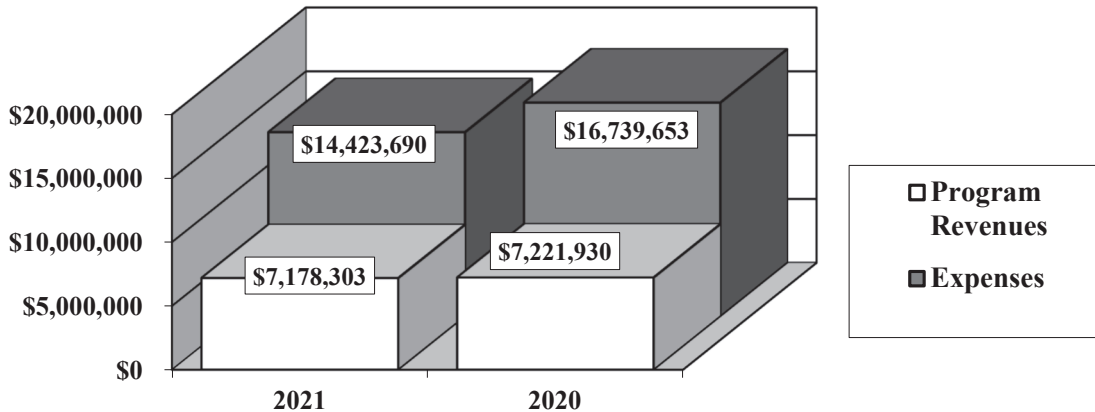
Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$7,931,038 of the total expenses of the City. These expenses were partially funded by \$1,160,215 in direct charges to users of the services, and \$334,816 in operating grants and contributions and \$94,584 in capital grants and contributions. Transportation expenses totaled \$2,019,417 in 2021. Transportation expenses were partially funded by \$1,273,009 in operating grants and contributions and \$963,501 in capital grants and contributions.

The State and federal government contributed to the City a total of \$2,574,037 in operating grants and contributions and \$2,657,075 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$14,229,327 and amounted to 66.47% of total governmental activities revenue. These revenues primarily consist of property and income tax revenue totaling \$13,204,918. 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 \$549,519.

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 2021 and 2020. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements). The graph and table that follow illustrate the City’s dependence upon general revenues, as program revenues are not sufficient to cover total governmental expenses.

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF DEFIANCE, OHIO

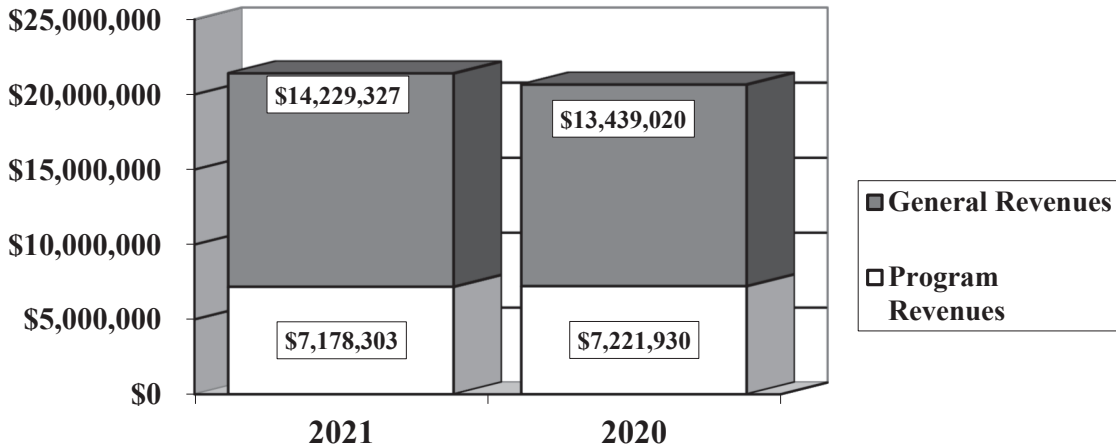
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program Expenses:				
General government	\$ 2,854,016	\$ 1,164,439	\$ 3,804,175	\$ 3,022,670
Security of persons and property	7,931,038	6,341,423	8,462,178	5,968,567
Public health and welfare	572,295	(884,770)	395,628	(577,749)
Transportation	2,019,417	(217,093)	2,158,810	(461,453)
Community environment	145,713	35,943	746,462	653,214
Leisure time activity	587,693	552,927	616,210	542,932
Economic development	173,360	112,360	327,664	141,016
Interest and fiscal charges	<u>140,158</u>	<u>140,158</u>	<u>228,526</u>	<u>228,526</u>
Total	<u>\$ 14,423,690</u>	<u>\$ 7,245,387</u>	<u>\$ 16,739,653</u>	<u>\$ 9,517,723</u>

The dependence upon general revenues for governmental activities is apparent, with 50.23% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



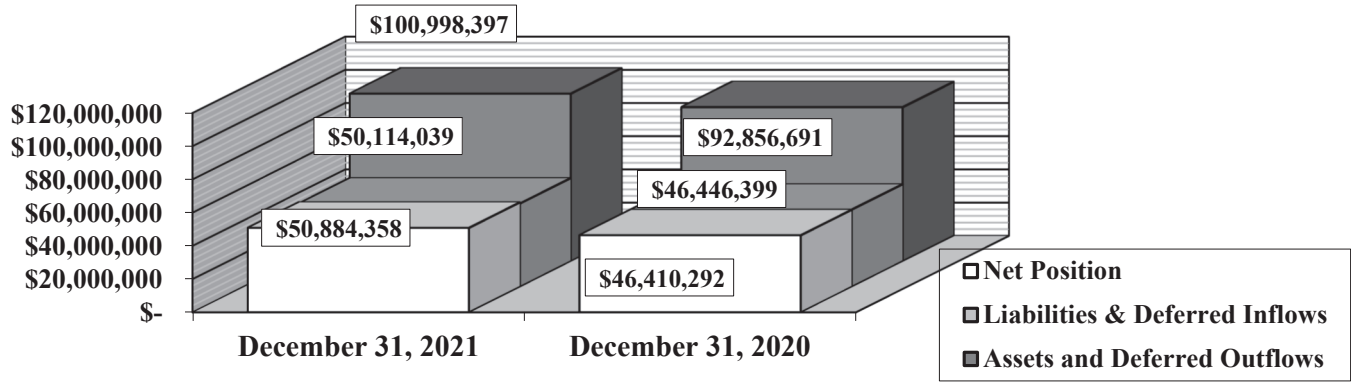
Business-type Activities

Business-type activities include the sewer, water, refuse, and utility deposit enterprise funds. These programs had program revenues of \$15,459,351, general revenues of \$81,978, expenses of \$11,051,774, and \$15,489 in transfers out in 2021. Business-type activities net position increased \$4,474,066, primarily due to a \$543,462 increase in the charges for services during 2021 and changes made to the pension and OPEB liability calculations on a statewide level in 2020. The graph on the following page shows the business-type activities assets and deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31, 2021 and December 31, 2020, respectively.

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Net Position of Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds reported a combined fund balance of \$13,825,028, which is a \$371,516 increase from last year's fund balance total of \$13,453,512. The table below indicates the fund balances and the total change in fund balances as of December 31, 2021 and December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balances December 31, 2021	Fund Balances December 31, 2020	Increase (Decrease)
Major funds:			
General	\$ 6,666,312	\$ 5,665,833	\$ 1,000,479
Police and fire	468,461	685,193	(216,732)
Capital improvement	1,079,528	2,146,431	(1,066,903)
Nonmajor governmental funds	<u>5,610,727</u>	<u>4,956,055</u>	<u>654,672</u>
 Total	 <u>\$ 13,825,028</u>	 <u>\$ 13,453,512</u>	 <u>\$ 371,516</u>

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

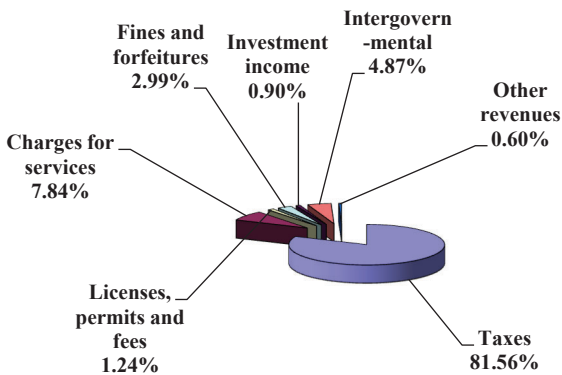
General Fund

The City's general fund balance increased \$1,000,479. The table that follows assists in illustrating the revenues of the general fund for 2021 and 2020.

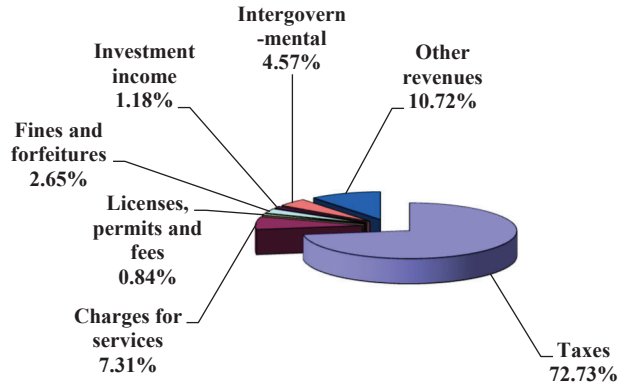
	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Revenues				
Taxes	\$ 8,636,753	\$ 7,506,069	\$ 1,130,684	15.06 %
Charges for services	830,085	756,636	73,449	9.71 %
Licenses, permits and fees	131,005	86,697	44,308	51.11 %
Fines and forfeitures	316,319	273,038	43,281	15.85 %
Investment income	95,029	122,069	(27,040)	(22.15) %
Intergovernmental	515,619	471,333	44,286	9.40 %
Other	<u>63,377</u>	<u>1,104,774</u>	<u>(1,041,397)</u>	(94.26) %
Total	<u>\$ 10,588,187</u>	<u>\$ 10,320,616</u>	<u>\$ 267,571</u>	2.59 %

Overall revenues of the general fund increased \$267,571 or 2.59%. Tax revenue increased \$1,130,684 or 15.06% primarily due to decreases in income tax collected in 2020 due to the COVID-19 pandemic. Charges for services increased \$73,449 or 9.71% due to greater revenue from EMS runs. Licenses, permits, and fees increased 51.11% due to increased City permit requests during 2021. Fines and forfeitures increased \$43,281, primarily due to increased criminal and civil fines during 2021. Investment income decreased \$27,040 or 22.15% primarily due to lower interest rates on City investments during 2021. Other revenue decreased 94.26 due to several sizable dividends received from the Ohio Bureau of Workers' Compensation in 2020.

Revenues - 2021



Revenues - 2020



CITY OF DEFIANCE, OHIO

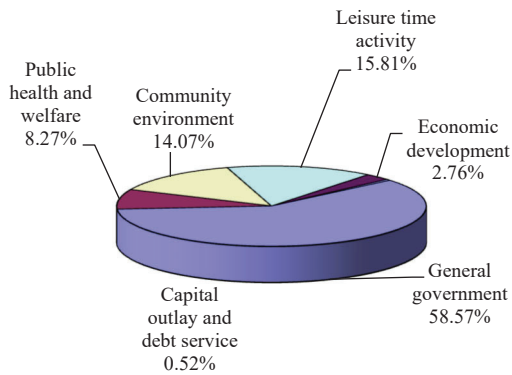
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The table that follows assists in illustrating the expenditures of the general fund for 2021 and 2020.

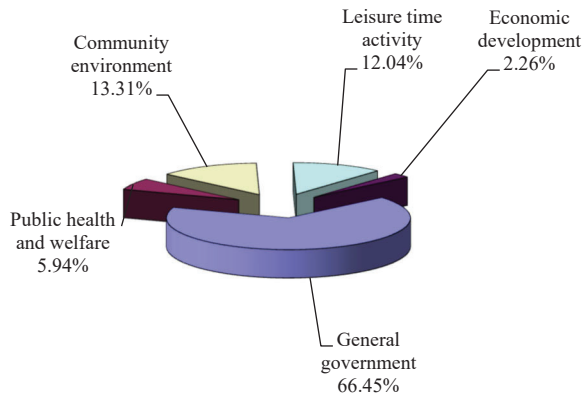
	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
General government	\$ 2,834,330	\$ 3,105,005	\$ (270,675)	(8.72) %
Public health and welfare	400,149	277,633	122,516	44.13 %
Community environment	680,874	621,839	59,035	9.49 %
Leisure time activity	764,801	562,795	202,006	35.89 %
Economic development	133,673	105,597	28,076	26.59 %
Capital outlay	20,232	-	20,232	100.00 %
Debt service	4,748	-	4,748	100.00 %
Total	<u>\$ 4,838,807</u>	<u>\$ 4,672,869</u>	<u>\$ 165,938</u>	<u>3.55 %</u>

Overall expenditures of the general fund increased \$165,938 or 3.55%. General government expenditures decreased \$270,675 or 8.72%, primarily due to decreases in expenses in the finance and income tax departments. Leisure time activities increased by \$202,006, primarily due to increases in the Parks and Recreation department as a result of 2020 programs that had been suspended due to the COVID-19 pandemic. Capital outlay and debt service expenditures of \$24,980 were for capital leases that began in 2021.

Expenditures - 2021



Expenditures - 2020



Police and Fire Fund

The police and fire fund had revenues and other financing sources in the amount of \$6,228,270 in 2021, and expenditures totaling \$6,445,002. The net decrease in fund balance for the police and fire fund was \$216,732, primarily due to increased expenditures on security of persons and property during the current year. The expenditures of the police and fire fund were subsidized by income tax revenues of \$2,004,756, intergovernmental grants of \$159,229, and transfers of \$4,000,000 from the general fund.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$5,001,873 and expenditures of \$6,068,776 in 2021. The net decrease in fund balance for the capital improvement fund was \$1,066,903 and largely due to the increase in capital outlay expenditures during 2021.

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly. Budgetary information is presented for the general fund and the police and fire fund. In the general fund, the actual revenues and other financing sources were \$11,665,865, which was \$1,425,960 greater than both the original and final revenues and other financing sources of \$10,239,905 due to conservative budgeting. The actual income revenue was \$987,189 greater than the final budget due to the continued employment recovery from the pandemic. Actual expenditures and other financing uses were \$10,758,504, which was \$390,161 less than the final budgeted expenditures and other financing uses of \$11,148,665 due to the City's conservative budgeting practices. Original budgeted expenditures and other financing uses were \$10,992,965, which is \$155,700 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, 2021, the City had \$125,255,181 (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, \$35,217,619 was reported in governmental activities and \$90,037,562 was reported in business-type activities. The following table shows December 31, 2021 balances compared to December 31, 2020.

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

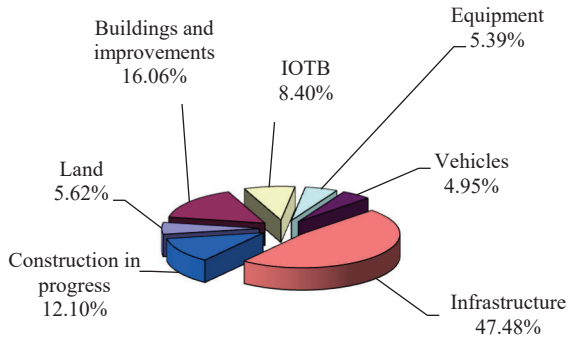
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,981,311	\$ 1,537,708	\$ 662,207	\$ 662,207	\$ 2,643,518	\$ 2,199,915
Construction in progress	4,260,206	1,322,044	9,280,116	5,913,847	13,540,322	7,235,891
Land improvements	-	-	244,090	201,411	244,090	201,411
Buildings and improvements	5,655,540	5,816,555	12,785,261	13,489,190	18,440,801	19,305,745
IOTB	2,958,624	3,149,494	-	-	2,958,624	3,149,494
Equipment	1,896,970	1,719,030	3,315,446	3,574,166	5,212,416	5,293,196
Vehicles	1,744,254	2,043,395	650,802	617,458	2,395,056	2,660,853
Infrastructure	16,720,714	15,898,740	63,099,640	59,452,404	79,820,354	75,351,144
Totals	<u>\$ 35,217,619</u>	<u>\$ 31,486,966</u>	<u>\$ 90,037,562</u>	<u>\$ 83,910,683</u>	<u>\$ 125,255,181</u>	<u>\$ 115,397,649</u>

CITY OF DEFIANCE, OHIO

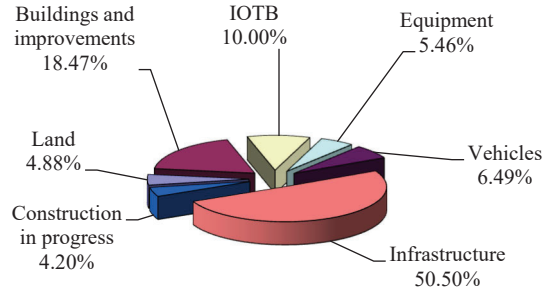
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The following graphs show the breakdown of governmental activities capital assets by category at December 31, 2021 and December 31, 2020.

**Capital Assets - Governmental Activities
2021**



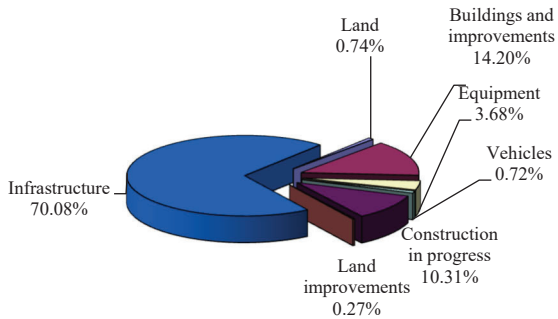
**Capital Assets - Governmental Activities
2020**



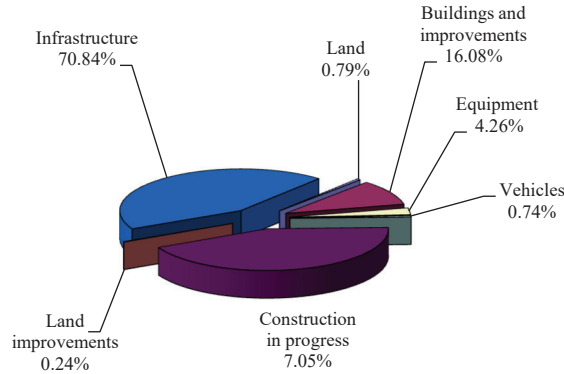
The infrastructure capital asset category includes roads, bridges, culverts, sidewalks, and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 47.48% of the City's total governmental activities capital assets at December 31, 2021.

The following graphs show the breakdown of business-type activities capital assets by category at December 31, 2021 and December 31, 2020.

**Capital Assets - Business-type Activities
2021**



**Capital Assets - Business-type Activities
2020**



The City's largest business-type activities capital asset category is infrastructure, which primarily includes sewer lines and water lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 70.08% of the City's total business-type activities capital assets at December 31, 2021.

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, 2021
(UNAUDITED)

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2021 and December 31, 2020.

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 3,838,000	\$ 4,412,000
Land acquisition bonds	1,662,327	1,777,952
OWDA loans	1,398,708	1,515,267
Capital lease obligations	708,903	481,460
Net pension liability	13,913,280	15,910,240
Net OPEB liability	1,698,799	4,724,286
Compensated absences	993,535	806,996
Total long-term obligations	<u>\$ 24,213,552</u>	<u>\$ 29,628,201</u>
	<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 7,185,000	\$ 8,647,000
Capital lease obligations	139,722	-
OWDA loans	32,792,588	28,470,646
OPWC loans	2,036,158	2,164,916
Net pension liability	2,034,089	2,824,976
Net OPEB liability	-	2,106,420
Compensated absences	238,795	217,451
Total long-term obligations	<u>\$ 44,426,352</u>	<u>\$ 44,431,409</u>

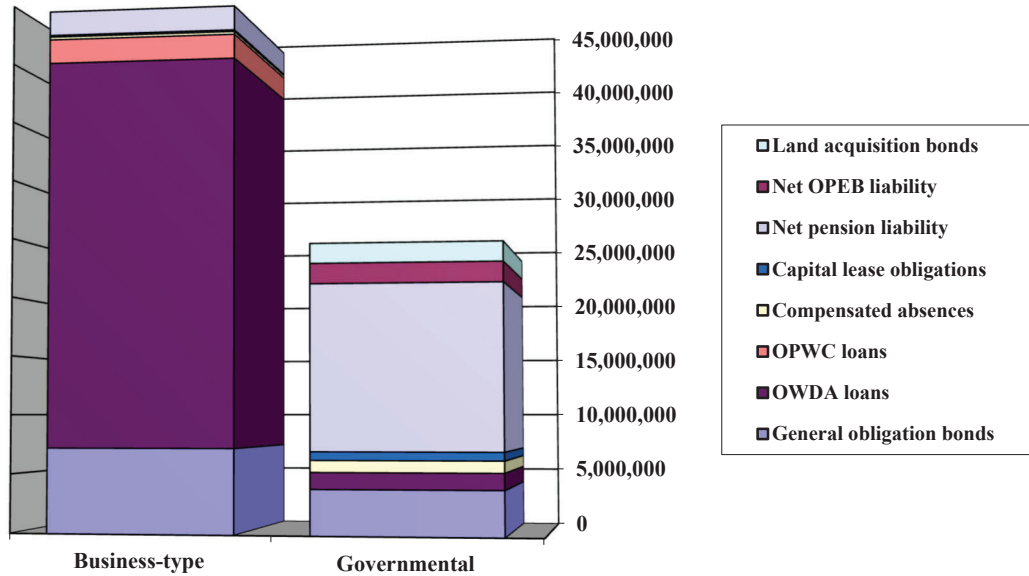
See Note 12 for additional detail on the City's debt administration.

CITY OF DEFIANCE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

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

Long-term Obligations at December 31, 2021



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 2022 budget:

- Due to federal and state relief funding related to the COVID-19 pandemic and a local economy that was much stronger than expected, General Fund balances at the end of 2021 were near all-time highs. However, budget preparation for 2022 proceeded conservatively, as in years past, in acknowledgment of the one-time “windfall” nature of stimulus funds.
- Income tax revenues were \$1,686,510 or 16.31% higher than in 2020. Employee withholding increased 5.5%; corporate and individual filings were up 66.9% and 9.0%, respectively.
- The local unemployment rate in 2021 averaged 4.7% (but ended the year at 3.1%). This was down from the prior year (8.2%) and was lower than the State of Ohio (5.1%) and the comparable national rate (5.4%).
- City employee health insurance rates increased 1.0% for 2022. For the 3-year period 2020-2022, the City’s health insurance premium increases have averaged 4.5%. 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 the Police and Fire bargaining unit employees, as well as for non-bargaining unit employees, were budgeted at 2.5% for 2022; wage increases for the ASFCME bargaining unit employees were budgeted at 0.0%, pending upcoming contract negotiations.
- The weighted-average-yield on investments at December 31, 2021 was 1.2%. Posted interest earnings in 2021 totaled approximately \$164,740.
- City water and sewer rates were adjusted for 2022. While the impact varies by type of customer and level of consumption, generally speaking, water and sewer rates were each increased approximately 2.0%.

CITY OF DEFIANCE, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

In 2021, the local economy continued to recover from the pandemic, with higher employment and taxable earnings. Tax revenues have largely recovered, and the local retail sector is expanding. There are promising industrial development projects underway, as well. 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 43512-2779.

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CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 11,520,643	\$ 8,105,888	\$ 19,626,531
Cash in segregated accounts.	732,569	-	732,569
Receivables (net of allowance for uncollectibles)			
Income taxes	1,886,486	-	1,886,486
Property and other local taxes	935,895	-	935,895
Accounts	238,614	325,290	563,904
Loans receivable	541,059	-	541,059
Special assessments	120,161	3,532	123,693
Accrued interest	15,570	18,060	33,630
Due from other governments	1,394,899	-	1,394,899
Materials and supplies inventory	67,428	132,412	199,840
Prepaid bond insurance	7,925	7,529	15,454
Net pension asset	79,176	53,990	133,166
Net OPEB asset.	384,629	262,281	646,910
Restricted assets:			
Equity in pooled cash and cash equivalents	-	380,844	380,844
Cash in segregated accounts	-	77,488	77,488
Capital assets:			
Land and construction in progress	6,241,517	9,942,323	16,183,840
Depreciable capital assets, net	28,976,102	80,095,239	109,071,341
Total capital assets, net	35,217,619	90,037,562	125,255,181
Total assets	53,142,673	99,404,876	152,547,549
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	16,476	50,345	66,821
Pension.	2,942,396	970,767	3,913,163
OPEB	1,350,375	572,409	1,922,784
Total deferred outflows of resources	4,309,247	1,593,521	5,902,768
Liabilities:			
Accounts payable	239,250	224,412	463,662
Contracts payable.	797,362	1,852,100	2,649,462
Accrued wages and benefits payable	263,497	98,905	362,402
Due to other governments	212,474	53,762	266,236
Accrued interest payable	35,707	12,985	48,692
Payable from restricted assets - refundable deposits.	-	380,844	380,844
Long-term liabilities:			
Due within one year	1,410,330	3,653,966	5,064,296
Due in more than one year:			
Due in more than one year - net pension liability.	13,913,280	2,034,089	15,947,369
Due in more than one year - net OPEB liability.	1,698,799	-	1,698,799
Other amounts due in more than one year.	7,263,767	38,921,810	46,185,577
Total liabilities	25,834,466	47,232,873	73,067,339
Deferred inflows of resources:			
Property taxes levied for the next year	832,220	-	832,220
Pension	3,280,876	1,609,662	4,890,538
OPEB	1,948,418	1,271,504	3,219,922
Total deferred inflows of resources	6,061,514	2,881,166	8,942,680
Net position:			
Net investment in capital assets	28,418,498	45,930,518	74,349,016
Restricted for:			
Capital projects	5,120	-	5,120
Debt service	766,547	-	766,547
Transportation projects	293,335	-	293,335
Safety projects	399,070	-	399,070
Special projects	456,680	-	456,680
Economic development projects.	1,278,061	-	1,278,061
Health projects.	6,133	-	6,133
Museum trust.	739,999	-	739,999
Covid-19 related purposes.	871,215	-	871,215
Other purposes.	393,757	-	393,757
Unrestricted (deficit)	(8,072,475)	4,953,840	(3,118,635)
Total net position	\$ 25,555,940	\$ 50,884,358	\$ 76,440,298

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,854,016	\$ 556,426	\$ 33,151	\$ 1,100,000
Security of persons and property.	7,931,038	1,160,215	334,816	94,584
Public health and welfare.	572,295	98,514	872,061	486,490
Transportation	2,019,417	-	1,273,009	963,501
Community environment	145,713	109,770	-	-
Leisure time activity	587,693	22,266	-	12,500
Economic development.	173,360	-	61,000	-
Interest and fiscal charges	140,158	-	-	-
Total governmental activities.	<u>14,423,690</u>	<u>1,947,191</u>	<u>2,574,037</u>	<u>2,657,075</u>
Business-type activities:				
Sewer	5,409,481	7,240,621	-	236,976
Water	4,625,428	7,004,570	-	-
Other business-type activities:				
Refuse	1,016,865	977,184	-	-
Total business-type activities	<u>11,051,774</u>	<u>15,222,375</u>	<u>-</u>	<u>236,976</u>
Total primary government	<u>\$ 25,475,464</u>	<u>\$ 17,169,566</u>	<u>\$ 2,574,037</u>	<u>\$ 2,894,051</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
Change in fair value of investments.
Miscellaneous
Total general revenues.
Transfers
Total general revenues and transfers
Change in net position
Net position at beginning of year.
Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,164,439)	\$ -	\$ (1,164,439)
(6,341,423)	-	(6,341,423)
884,770	-	884,770
217,093	-	217,093
(35,943)	-	(35,943)
(552,927)	-	(552,927)
(112,360)	-	(112,360)
(140,158)	-	(140,158)
<u>(7,245,387)</u>	<u>-</u>	<u>(7,245,387)</u>
-	2,068,116	2,068,116
-	2,379,142	2,379,142
-	<u>(39,681)</u>	<u>(39,681)</u>
-	<u>4,407,577</u>	<u>4,407,577</u>
<u>(7,245,387)</u>	<u>4,407,577</u>	<u>(2,837,810)</u>
8,004,672	-	8,004,672
2,053,984	-	2,053,984
2,023,198	-	2,023,198
627,973	-	627,973
495,091	-	495,091
549,519	-	549,519
95,488	65,369	160,857
(136,544)	-	(136,544)
515,946	16,609	532,555
<u>14,229,327</u>	<u>81,978</u>	<u>14,311,305</u>
<u>15,489</u>	<u>(15,489)</u>	<u>-</u>
<u>14,244,816</u>	<u>66,489</u>	<u>14,311,305</u>
6,999,429	4,474,066	11,473,495
<u>18,556,511</u>	<u>46,410,292</u>	<u>64,966,803</u>
<u>\$ 25,555,940</u>	<u>\$ 50,884,358</u>	<u>\$ 76,440,298</u>

CITY OF DEFIANCE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<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.	\$ 5,873,166	\$ 554,927	\$ 1,056,797	\$ 4,035,753	\$ 11,520,643
Cash in segregated accounts.	-	8,451	-	724,118	732,569
Receivables (net of allowance for uncollectibles):					
Income taxes	1,252,249	314,477	314,477	5,283	1,886,486
Property and other local taxes	664,359	-	-	271,536	935,895
Accounts	142,668	-	23,912	72,034	238,614
Loans receivable	-	-	-	541,059	541,059
Special assessments	-	-	-	120,161	120,161
Accrued interest	13,187	-	-	2,383	15,570
Due from other governments.	202,932	-	637,747	554,220	1,394,899
Materials and supplies inventory.	-	-	-	67,428	67,428
Total assets.	<u>\$ 8,148,561</u>	<u>\$ 877,855</u>	<u>\$ 2,032,933</u>	<u>\$ 6,393,975</u>	<u>\$ 17,453,324</u>
Liabilities:					
Accounts payable	\$ 164,942	\$ 20,092	\$ 31,933	\$ 22,283	\$ 239,250
Contracts payable	-	-	797,362	-	797,362
Accrued wages and benefits payable.	88,468	151,940	-	23,089	263,497
Due to other governments.	45,563	113,252	-	53,659	212,474
Total liabilities.	<u>298,973</u>	<u>285,284</u>	<u>829,295</u>	<u>99,031</u>	<u>1,512,583</u>
Deferred inflows of resources:					
Property taxes levied for the next year.	647,440	-	-	184,780	832,220
Delinquent property tax revenue not available.	16,919	-	-	-	16,919
Accrued interest not available	7,275	-	-	1,383	8,658
Special assessments revenue not available.	-	-	-	120,161	120,161
Income tax revenue not available	388,669	124,110	124,110	2,085	638,974
Intergovernmental revenue not available	122,973	-	-	375,808	498,781
Total deferred inflows of resources.	<u>1,183,276</u>	<u>124,110</u>	<u>124,110</u>	<u>684,217</u>	<u>2,115,713</u>
Fund balances:					
Nonspendable	17,768	-	-	67,428	85,196
Restricted.	-	468,461	-	5,538,592	6,007,053
Committed.	-	-	1,079,528	4,704	1,084,232
Assigned.	533,835	-	-	3	533,838
Unassigned.	6,114,709	-	-	-	6,114,709
Total fund balances.	<u>6,666,312</u>	<u>468,461</u>	<u>1,079,528</u>	<u>5,610,727</u>	<u>13,825,028</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,148,561</u>	<u>\$ 877,855</u>	<u>\$ 2,032,933</u>	<u>\$ 6,393,975</u>	<u>\$ 17,453,324</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, 2021

Total governmental fund balances	\$	13,825,028
<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.		35,217,619
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	\$ 638,974	
Property and other local taxes receivable	16,919	
Special assessments receivable	120,161	
Intergovernmental receivable	498,781	
Accrued interest receivable	8,658	
Total		1,283,493
Prepaid bond insurance is not recorded as an asset in the funds, however, on the statement of net position it is reported as an asset and amortized over the life of the bonds.		7,925
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(35,707)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		16,476
Unamortized premiums on bond issuances are not recognized in the funds.		(72,624)
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	79,176	
Deferred outflows of resources	2,942,396	
Deferred inflows of resources	(3,280,876)	
Net pension liability	(13,913,280)	
Total		(14,172,584)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds		
Net OPEB asset	384,629	
Deferred outflows of resources	1,350,375	
Deferred inflows of resources	(1,948,418)	
Net OPEB liability	(1,698,799)	
Total		(1,912,213)
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	(3,838,000)	
Land acquisition bonds payable	(1,662,327)	
OWDA loans payable	(1,398,708)	
Capital lease obligations payable	(708,903)	
Compensated absences payable	(993,535)	
Total		(8,601,473)
Net position of governmental activities	\$	25,555,940

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, 2021

	<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.	\$ 7,982,420	\$ 2,004,756	\$ 2,004,756	\$ 33,674	\$ 12,025,606
Property and other local taxes.	654,333	-	-	495,091	1,149,424
Charges for services.	830,085	-	-	-	830,085
Licenses, permits and fees.	131,005	-	-	254,869	385,874
Fines and forfeitures.	316,319	-	-	240,997	557,316
Intergovernmental.	515,619	159,229	2,644,575	2,381,900	5,701,323
Special assessments.	-	-	-	113,714	113,714
Investment income.	95,029	-	-	24,686	119,715
Rental income.	3,200	-	-	-	3,200
Donations.	500	-	94,000	41,037	135,537
Change in fair value of investments.	(205,693)	-	-	69,149	(136,544)
Other.	265,370	179	40,247	142,748	448,544
Total revenues.	<u>10,588,187</u>	<u>2,164,164</u>	<u>4,783,578</u>	<u>3,797,865</u>	<u>21,333,794</u>
Expenditures:					
Current:					
General government.	2,834,330	-	-	698,747	3,533,077
Security of persons and property.	-	6,380,896	-	1,161,121	7,542,017
Public health and welfare.	400,149	-	-	45,600	445,749
Transportation.	-	-	-	1,074,378	1,074,378
Community environment.	680,874	-	-	-	680,874
Leisure time activity.	764,801	-	-	965	765,766
Economic development.	133,673	-	-	39,687	173,360
Capital outlay.	20,232	54,280	5,719,201	345,274	6,138,987
Debt service:					
Principal retirement.	3,787	7,603	268,324	646,230	925,944
Interest and fiscal charges.	961	2,223	81,251	71,021	155,456
Total expenditures.	<u>4,838,807</u>	<u>6,445,002</u>	<u>6,068,776</u>	<u>4,083,023</u>	<u>21,435,608</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>5,749,380</u>	<u>(4,280,838)</u>	<u>(1,285,198)</u>	<u>(285,158)</u>	<u>(101,814)</u>
Other financing sources (uses):					
Sale of capital assets.	110,638	-	-	-	110,638
Capital lease transaction.	24,980	64,106	218,295	39,822	347,203
Transfers in.	-	4,000,000	-	1,024,143	5,024,143
Transfers (out).	(4,884,519)	-	-	(124,135)	(5,008,654)
Total other financing sources (uses).	<u>(4,748,901)</u>	<u>4,064,106</u>	<u>218,295</u>	<u>939,830</u>	<u>473,330</u>
Net change in fund balances.	1,000,479	(216,732)	(1,066,903)	654,672	371,516
Fund balances at beginning of year.	<u>5,665,833</u>	<u>685,193</u>	<u>2,146,431</u>	<u>4,956,055</u>	<u>13,453,512</u>
Fund balances at end of year.	<u>\$ 6,666,312</u>	<u>\$ 468,461</u>	<u>\$ 1,079,528</u>	<u>\$ 5,610,727</u>	<u>\$ 13,825,028</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, 2021

Net change in fund balances - total governmental funds	\$	371,516
<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	\$ 6,182,731	
Current year depreciation	<u>(1,968,659)</u>	
Total		4,214,072
The net effect of various transactions involving capital assets is to decrease net position.		(483,419)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income tax revenue	59,446	
Property and other local tax revenue	(26,360)	
Special assessments revenue	14,052	
Intergovernmental revenue	(31,696)	
Investment income	13	
Other revenue	<u>(52,257)</u>	
Total		(36,802)
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.		(347,203)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		925,944
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	10,211	
Amortization of prepaid bond insurance	(824)	
Amortization of deferred amounts on refunding	(1,661)	
Amortization of bond premium	<u>7,572</u>	
Total		15,298
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	1,332,970	
OPEB	<u>32,388</u>	
Total		1,365,358
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	(1,010,115)	
OPEB	<u>2,171,319</u>	
Total		1,161,204
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(186,539)</u>
Change in net position of governmental activities	\$	<u>6,999,429</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 6,937,800	\$ 6,937,800	\$ 7,924,989	\$ 987,189
Property and other local taxes	643,900	643,900	639,073	(4,827)
Charges for services	699,500	699,500	809,338	109,838
Licenses, permits and fees	104,700	104,700	131,005	26,305
Fines and forfeitures	388,120	388,120	309,217	(78,903)
Intergovernmental	435,580	435,580	504,483	68,903
Investment income	81,505	81,505	104,501	22,996
Rental income	3,000	3,000	3,200	200
Donations	-	-	500	500
Other	70,000	70,000	263,121	193,121
Total revenues	<u>9,364,105</u>	<u>9,364,105</u>	<u>10,689,427</u>	<u>1,325,322</u>
Expenditures:				
Current:				
General government	3,655,472	3,707,247	3,577,507	129,740
Public health and welfare	402,914	408,621	394,321	14,300
Community environment	989,832	1,003,851	968,721	35,130
Leisure time activity	796,964	808,252	779,966	28,286
Economic development	156,815	159,036	153,470	5,566
Total expenditures	<u>6,001,997</u>	<u>6,087,007</u>	<u>5,873,985</u>	<u>213,022</u>
Excess of revenues over expenditures	<u>3,362,108</u>	<u>3,277,098</u>	<u>4,815,442</u>	<u>1,538,344</u>
Other financing sources (uses):				
Sale of capital assets	10,000	10,000	110,638	100,638
Transfers in	865,800	865,800	865,800	-
Transfers (out)	(4,990,968)	(5,061,658)	(4,884,519)	177,139
Total other financing sources (uses)	<u>(4,115,168)</u>	<u>(4,185,858)</u>	<u>(3,908,081)</u>	<u>277,777</u>
Net change in fund balance	(753,060)	(908,760)	907,361	1,816,121
Fund balance at beginning of year	4,323,801	4,323,801	4,323,801	-
Prior year encumbrances appropriated.	143,985	143,985	143,985	-
Fund balance at end of year	<u>\$ 3,714,726</u>	<u>\$ 3,559,026</u>	<u>\$ 5,375,147</u>	<u>\$ 1,816,121</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 POLICE AND FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,990,201	\$ 240,201
Intergovernmental.	127,000	127,000	159,229	32,229
Total revenues	<u>1,877,000</u>	<u>1,877,000</u>	<u>2,149,430</u>	<u>272,430</u>
Expenditures:				
Current:				
Security of persons and property	6,441,290	6,601,290	6,493,483	107,807
Total expenditures	<u>6,441,290</u>	<u>6,601,290</u>	<u>6,493,483</u>	<u>107,807</u>
Excess of expenditures over revenues	<u>(4,564,290)</u>	<u>(4,724,290)</u>	<u>(4,344,053)</u>	<u>380,237</u>
Other financing sources:				
Transfers in	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
Total other financing sources	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
Net change in fund balance.	(564,290)	(724,290)	(344,053)	380,237
Fund balance at beginning of year.	811,360	811,360	811,360	-
Prior year encumbrances appropriated.	45,720	45,720	45,720	-
Fund balance at end of year	<u>\$ 292,790</u>	<u>\$ 132,790</u>	<u>\$ 513,027</u>	<u>\$ 380,237</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,770,795	\$ 4,141,079	\$ 194,014	\$ 8,105,888
Receivables (net of allowance for uncollectibles):				
Accounts	192,514	119,465	13,311	325,290
Accrued interest	8,605	9,455	-	18,060
Special assessments	-	3,532	-	3,532
Materials and supplies inventory.	17,951	114,461	-	132,412
Prepayments.	2,776	4,753	-	7,529
Total current assets.	<u>3,992,641</u>	<u>4,392,745</u>	<u>207,325</u>	<u>8,592,711</u>
Noncurrent assets:				
Restricted equity in pooled cash and cash equivalents	-	-	380,844	380,844
Restricted cash in segregated accounts	-	-	77,488	77,488
Net pension asset	6,732	47,258	-	53,990
Net OPEB asset.	32,705	229,576	-	262,281
Capital assets:				
Land and construction in progress.	420,201	9,522,122	-	9,942,323
Depreciable capital assets, net.	54,589,977	25,505,262	-	80,095,239
Total capital assets, net	<u>55,010,178</u>	<u>35,027,384</u>	<u>-</u>	<u>90,037,562</u>
Total noncurrent assets	<u>55,049,615</u>	<u>35,304,218</u>	<u>458,332</u>	<u>90,812,165</u>
Total assets	<u>59,042,256</u>	<u>39,696,963</u>	<u>665,657</u>	<u>99,404,876</u>
Deferred outflows of resources:				
Unamortized deferred charges on refunding. . . .	11,452	38,893	-	50,345
Pension.	41,157	929,610	-	970,767
OPEB.	18,892	553,517	-	572,409
Total deferred outflows of resources	<u>\$ 71,501</u>	<u>\$ 1,522,020</u>	<u>\$ -</u>	<u>\$ 1,593,521</u>

CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities:				
Current liabilities:				
Accounts payable	\$ 72,440	\$ 100,372	\$ 51,600	\$ 224,412
Contracts payable	-	1,852,100	-	1,852,100
Accrued wages and benefits payable	45,705	53,200	-	98,905
Due to other governments	20,540	33,222	-	53,762
Accrued interest payable.	8,735	4,250	-	12,985
Payable from restricted assets:				
Refundable deposits	-	-	380,844	380,844
Compensated absences payable - current	71,255	88,415	-	159,670
General obligation bonds payable - current.	783,500	727,500	-	1,511,000
OWDA loans payable - current	1,594,213	236,510	-	1,830,723
OPWC loans payable - current.	-	123,404	-	123,404
Capital lease obligations payable - current.	-	29,169	-	29,169
Total current liabilities.	<u>2,596,388</u>	<u>3,248,142</u>	<u>432,444</u>	<u>6,276,974</u>
Long-term liabilities:				
Compensated absences payable	37,277	41,848	-	79,125
General obligation bonds payable	3,474,607	2,382,906	-	5,857,513
OWDA loans payable	19,978,947	10,982,918	-	30,961,865
OPWC loans payable.	-	1,912,754	-	1,912,754
Capital lease obligations payable	-	110,553	-	110,553
Net pension liability	253,637	1,780,452	-	2,034,089
Total noncurrent liabilities	<u>23,744,468</u>	<u>17,211,431</u>	<u>-</u>	<u>40,955,899</u>
Total liabilities	<u>26,340,856</u>	<u>20,459,573</u>	<u>432,444</u>	<u>47,232,873</u>
Deferred inflows of resources:				
Pension.	826,601	783,061	-	1,609,662
OPEB.	570,056	701,448	-	1,271,504
Total deferred inflows of resources	<u>1,396,657</u>	<u>1,484,509</u>	<u>-</u>	<u>2,881,166</u>
Net position:				
Net investment in capital assets	29,222,055	16,708,463	-	45,930,518
Unrestricted	<u>2,154,189</u>	<u>2,566,438</u>	<u>233,213</u>	<u>4,953,840</u>
Total net position	<u>\$ 31,376,244</u>	<u>\$ 19,274,901</u>	<u>\$ 233,213</u>	<u>\$ 50,884,358</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating revenues:				
Charges for services	\$ 7,240,621	\$ 6,969,837	\$ 977,184	\$ 15,187,642
Tap-in fees	-	34,733	-	34,733
Other	2,556	14,053	-	16,609
Total operating revenues	<u>7,243,177</u>	<u>7,018,623</u>	<u>977,184</u>	<u>15,238,984</u>
Operating expenses:				
Personal services	1,325,261	1,355,169	-	2,680,430
Contract services	1,057,356	226,346	-	1,283,702
Materials and supplies	243,158	1,455,370	-	1,698,528
Administrative costs	69,122	13,833	-	82,955
Utilities	317,225	269,030	1,016,865	1,603,120
Depreciation	1,760,123	1,013,612	-	2,773,735
Other	-	4,197	-	4,197
Total operating expenses	<u>4,772,245</u>	<u>4,337,557</u>	<u>1,016,865</u>	<u>10,126,667</u>
Operating income (loss)	<u>2,470,932</u>	<u>2,681,066</u>	<u>(39,681)</u>	<u>5,112,317</u>
Nonoperating revenues (expenses):				
Interest revenue	33,760	31,609	-	65,369
Loss on sale of capital assets	(39,427)	(32,167)	-	(71,594)
Interest and fiscal charges	(597,809)	(255,704)	-	(853,513)
Total nonoperating revenues (expenses)	<u>(603,476)</u>	<u>(256,262)</u>	<u>-</u>	<u>(859,738)</u>
Income (loss) before transfers and contributions	1,867,456	2,424,804	(39,681)	4,252,579
Transfers (out)	(15,489)	-	-	(15,489)
Capital contributions	236,976	-	-	236,976
Change in net position	2,088,943	2,424,804	(39,681)	4,474,066
Net position at beginning of year	<u>29,287,301</u>	<u>16,850,097</u>	<u>272,894</u>	<u>46,410,292</u>
Net position at end of year	<u>\$ 31,376,244</u>	<u>\$ 19,274,901</u>	<u>\$ 233,213</u>	<u>\$ 50,884,358</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, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities:				
Cash received from charges for services	\$ 7,288,253	\$ 7,050,241	\$ 1,072,267	\$ 15,410,761
Cash received from tap-in fees	-	34,733	-	34,733
Cash received from other operations	2,556	14,053	-	16,609
Cash payments for personal services	(2,178,015)	(2,371,969)	-	(4,549,984)
Cash payments for contractual services	(1,064,760)	(250,727)	-	(1,315,487)
Cash payments for administrative costs	(69,055)	(16,090)	-	(85,145)
Cash payments for materials and supplies	(249,577)	(1,470,725)	-	(1,720,302)
Cash payments for utilities	(316,744)	(268,511)	(1,098,775)	(1,684,030)
Cash payments for other operations	-	(4,197)	-	(4,197)
Net cash provided by (used in) operating activities	<u>3,412,658</u>	<u>2,716,808</u>	<u>(26,508)</u>	<u>6,102,958</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	858	58,593	-	59,451
Cash payments for the acquisition of capital assets	(505,624)	(6,514,534)	-	(7,020,158)
Cash received from issuance of loans	28,486	6,222,129	-	6,250,615
Cash payments for principal retirement	(2,461,403)	(1,077,707)	-	(3,539,110)
Cash payments for interest and fiscal charges	(620,887)	(279,613)	-	(900,500)
Cash received from capital contributions	236,976	-	-	236,976
Net cash used in capital and related financing activities	<u>(3,321,594)</u>	<u>(1,591,132)</u>	<u>-</u>	<u>(4,912,726)</u>
Cash flows from investing activities:				
Cash received from interest earned	37,138	31,915	-	69,053
Net cash provided by investing activities	<u>37,138</u>	<u>31,915</u>	<u>-</u>	<u>69,053</u>
Net increase (decrease) in cash and cash equivalents	112,713	1,157,591	(26,508)	1,243,796
Cash and cash equivalents at beginning of year . . .	<u>3,658,082</u>	<u>2,983,488</u>	<u>678,854</u>	<u>7,320,424</u>
Cash and cash equivalents at end of year	<u>\$ 3,770,795</u>	<u>\$ 4,141,079</u>	<u>\$ 652,346</u>	<u>\$ 8,564,220</u>

CITY OF DEFIANCE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,470,932	\$ 2,681,066	\$ (39,681)	\$ 5,112,317
Adjustments:				
Depreciation.	1,760,123	1,013,612	-	2,773,735
Changes in assets and liabilities:				
Change in accounts receivable.	47,632	69,807	95,083	212,522
Change in special assessments receivable.	-	10,597	-	10,597
Change in materials and supplies inventory.	(5,442)	(53,455)	-	(58,897)
Change in net pension asset.	9,461	(30,150)	-	(20,689)
Change in net OPEB asset.	(32,705)	(229,576)	-	(262,281)
Change in deferred outflows - pension	197,059	(671,058)	-	(473,999)
Change in deferred outflows - OPEB.	160,146	(360,072)	-	(199,926)
Change in accounts payable	(26,982)	(14,428)	(28,643)	(70,053)
Change in accrued wages and benefits	5,315	21,491	-	26,806
Change in compensated absences payable.	17,493	3,851	-	21,344
Change in due to other governments	886	11,789	-	12,675
Change in utility deposits payable.	-	-	(53,267)	(53,267)
Change in net pension liability.	(1,120,012)	329,125	-	(790,887)
Change in net OPEB liability.	(1,024,250)	(1,082,170)	-	(2,106,420)
Change in deferred inflows - pension.	528,804	469,005	-	997,809
Change in deferred inflows - OPEB.	424,198	547,374	-	971,572
Net cash provided by (used in) operating activities	\$ 3,412,658	\$ 2,716,808	\$ (26,508)	\$ 6,102,958

Non-cash transactions:

At December 31, 2021, the water fund purchased \$1,852,100 in capital assets on account.
 During 2021, the water fund entered into a capital lease obligation in the amount of \$159,401.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021

	<u>Custodial</u>
Assets:	
Cash in segregated accounts	<u>\$ 18,815</u>
Total assets.	<u>\$ 18,815</u>
Liabilities:	
Due to other governments	<u>\$ 18,815</u>
Total liabilities.	<u>\$ 18,815</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial
Additions:	
Fines and forfeitures collected for other governments .	\$ 1,084,663
Total additions	1,084,663
 Deductions:	
Fines and forfeitures distributed to other governments .	1,084,663
Total deductions.	1,084,663
 Change in net position	 -
Net position at beginning of year	-
Net position at end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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, refuse, 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, refuse, 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.

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 2021, the City contributed \$24,551 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

JOINT VENTURES WITHOUT EQUITY INTEREST

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

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

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

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

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, Nancy Roehrig, 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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.

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 improvement 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

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

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

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

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

E. Basis of Accounting

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

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

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 assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related to the City's net pension asset/liability and net OPEB asset/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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods 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, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

F. Budgetary Data

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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 2021, 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, U.S. Government Treasury notes, and federal agency securities. Except for investments in STAR Ohio, investments are reported at fair value.

During 2021, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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 2021 amounted to \$95,029, which included \$48,076 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, an environmental trust, police property, and municipal court operations. These interest bearing depository accounts are presented on the basic financial statements as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. An analysis of the City's investment account at year end is provided in Note 4.

I. Restricted Assets

Customer deposits and environmental trust resources in the nonmajor enterprise funds are classified as restricted assets because these funds are being held for specified purposes.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

J. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

K. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

American Federation of State, County and Municipal Employees (AFSCME) and non-bargaining employees with a minimum of ten years of service are paid one day for every two days sick leave for the first 120 days of accumulated sick leave, and one day for every seven days for accumulated sick leave in excess of 120 days upon retirement, if hired prior to August 1, 1998. Non-bargaining employees with a minimum of ten years of service hired after August 1, 1998 are paid one day for every two days accumulated sick leave, not to exceed 120 days.

International Union of Police Associations (IUPA) bargaining unit employees who retire after ten years of continuous service will be compensated at one day’s pay for every two days of accumulated, but unused sick leave, not to exceed 120 days. However, IUPA bargaining unit individuals employed for ten years or more as of December 31, 1991 shall be eligible for sick leave conversion upon retirement at one day for each two days accumulation without limit. Beginning January 1, 1992, an IUPA bargaining unit individual with 22 or more years of service who resigns shall be eligible for payment for one day’s pay for every two days of accumulated, but unused sick leave, not to exceed 120 days.

International Association of Firefighters (IAFF) bargaining unit individuals with ten or more years of service shall, upon retirement under provision of the Police & Firefighters Pension Fund, be eligible for payment of one-half of the employee’s accrued, but unused sick leave earned up to a maximum payment for 50 24-hour days. An IAFF bargaining unit individual with 22 or more years of service who retires or resigns from the City shall be eligible for payment for one-half of accrued, but unused sick leave up to a maximum payment for 50 24-hour days.

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

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

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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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.

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.

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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 2021, the sewer fund received \$236,976 in capital contributions in the form of grants restricted to capital acquisition and construction.

Q. Estimates

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

R. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists of resources restricted to transportation, 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 2021.

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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.

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

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

U. Pensions/Other Postemployment Benefits (OPEB)

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

V. Fair Value Measurements

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2021, the City has implemented GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*," and GASB Statement No. 98, "*The Annual Comprehensive Financial Report*."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in general accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the City.

For 2021, the City has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

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

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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.

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, 2021, 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, 2021, the City had \$828,872 in cash in segregated accounts held for a museum trust, an environmental trust, police property, and municipal court operations. This amount is not included in "Deposits with Financial Institutions" below.

C. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all City deposits was \$9,152,986, and the bank balance was \$9,615,850. Of the bank balance \$1,751,804 was covered by FDIC, \$756,516 was covered by specific collateral pledged by the institution, and \$7,107,530 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS).

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

At December 31, 2021, the City had the following investments and maturities:

Measurement\ Investment Type	Measurement Value	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
<i>Amortized cost:</i>						
STAR Ohio	\$ 98,466	\$ 98,466	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
FHLMC	488,288	-	-	-	-	488,288
FNMA	450,782	-	-	-	-	450,782
FFCB	2,532,348	-	-	-	612,400	1,919,948
FHLB	748,890	-	-	-	-	748,890
Negotiable CDs	5,074,834	947,577	1,046,581	1,296,786	758,116	1,025,774
Commercial paper	944,940	944,940	-	-	-	-
U.S. Treasury notes	489,345	-	-	-	141,695	347,650
U.S. Government money market	24,246	24,246	-	-	-	-
Total	\$ 10,852,139	\$ 2,015,229	\$ 1,046,581	\$ 1,296,786	\$ 1,512,211	\$ 4,981,332

The weighted average maturity of investments is 1.98 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 because 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 addresses interest rate risk by requiring the City's investment portfolio be structured so that securities meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities in the open market prior to maturity, and by investing operating funds primarily in short-term investments. State statute limits investments in commercial paper to a maximum of 270 days from the date of purchase..

Credit Risk: STAR Ohio and the money market mutual fund both carry an AAAM rating by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of the purchase by at least one nationally recognized standard rating service. The City's investments in federal agency securities and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in commercial paper were rated A-1 or 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 negotiable certificates of deposit are covered by FDIC. The federal agency securities, U.S. Treasury notes, and commercial paper were exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial credit risk, beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, governing board, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

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, 2021 follows:

<u>Measurement\ Investment Type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 98,466	0.91%
<i>Fair value:</i>		
FHLMC	488,288	4.50%
FNMA	450,782	4.15%
FFCB	2,532,348	23.34%
FHLB	748,890	6.90%
Negotiable CDs	5,074,834	46.76%
Commercial paper	944,940	8.71%
U.S. Treasury notes	489,345	4.51%
U.S. Government money market	<u>24,246</u>	<u>0.22%</u>
Total	<u>\$ 10,852,139</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, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,152,986
Investments	10,852,139
Cash in segregated accounts	828,872
Cash on hand	<u>2,250</u>
Total	<u>\$ 20,836,247</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 12,253,212
Business-type activities	8,564,220
Custodial fund	<u>18,815</u>
Total	<u>\$ 20,836,247</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INTERFUND TRANSACTIONS

During 2021, 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	\$ 4,000,000
Nonmajor governmental funds	884,519
<u>Transfer from nonmajor governmental fund to:</u>	
Nonmajor governmental fund	124,135
<u>Transfer from the sewer fund to:</u>	
Nonmajor governmental fund	<u>15,489</u>
Total transfers	<u>\$ 5,024,143</u>

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

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

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 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, 2021 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 2021 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2021, was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2021 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 224,343,440
Commercial/industrial/mineral	89,538,150
<u>Public utility</u>	
Real	60,550
Personal	31,389,470
Total assessed value	<u>\$ 345,331,610</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, 2021. Income tax revenue for 2021 was \$12,025,606 on the modified accrual basis of accounting.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2021 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, 2021.

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

<u>Governmental activities:</u>	
Income taxes	\$1,886,486
Property and other local taxes	935,895
Accounts	238,614
Loans receivable	541,059
Special assessments	120,161
Accrued interest	15,570
Due from other governments	1,394,899
<u>Business-type activities:</u>	
Accounts	325,290
Special assessments	3,532
Accrued interest	18,060

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - CAPITAL ASSETS

The following activity occurred in the City's governmental activities capital assets during 2021:

<u>Governmental activities:</u>	Balance <u>January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31, 2021</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,537,708	\$ 443,603	\$ -	\$ 1,981,311
Construction in progress	<u>1,322,044</u>	<u>3,230,952</u>	<u>(292,790)</u>	<u>4,260,206</u>
<i>Total capital assets, not being depreciated</i>	<u>2,859,752</u>	<u>3,674,555</u>	<u>(292,790)</u>	<u>6,241,517</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	11,428,212	152,450	-	11,580,662
Improvements other than buildings	4,824,473	250,029	(264,300)	4,810,202
Equipment	3,976,027	483,322	(27,315)	4,432,034
Vehicles	4,341,396	215,184	(498,055)	4,058,525
Infrastructure	<u>30,443,577</u>	<u>1,699,981</u>	<u>-</u>	<u>32,143,558</u>
<i>Total capital assets, being depreciated</i>	<u>55,013,685</u>	<u>2,800,966</u>	<u>(789,670)</u>	<u>57,024,981</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(5,611,657)	(313,465)	-	(5,925,122)
Improvements other than buildings	(1,674,979)	(189,814)	13,215	(1,851,578)
Equipment	(2,256,997)	(286,041)	7,974	(2,535,064)
Vehicles	(2,298,001)	(301,332)	285,062	(2,314,271)
Infrastructure	<u>(14,544,837)</u>	<u>(878,007)</u>	<u>-</u>	<u>(15,422,844)</u>
<i>Total accumulated depreciation</i>	<u>(26,386,471)</u>	<u>(1,968,659)</u>	<u>306,251</u>	<u>(28,048,879)</u>
Total capital assets, net	<u>\$ 31,486,966</u>	<u>\$ 4,506,862</u>	<u>\$ (776,209)</u>	<u>\$ 35,217,619</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
General government	\$ 263,839
Security of persons and property	250,431
Public health and welfare	119,850
Transportation	976,488
Community environment	122,018
Leisure time activity	<u>236,033</u>
Total depreciation expense - governmental activities	<u>\$ 1,968,659</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - CAPITAL ASSETS - (Continued)

The following activity occurred in the City’s business-type activities capital assets during 2021:

	Balance			Balance
<u>Business-type activities:</u>	<u>January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2021</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 662,207	\$ -	\$ -	\$ 662,207
Construction in progress	<u>5,913,847</u>	<u>8,555,703</u>	<u>(5,189,434)</u>	<u>9,280,116</u>
<i>Total capital assets, not being depreciated</i>	<u>6,576,054</u>	<u>8,555,703</u>	<u>(5,189,434)</u>	<u>9,942,323</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,081,100	80,666	-	1,161,766
Buildings and improvements	30,810,426	-	(100,678)	30,709,748
Equipment	6,892,672	235,889	(227,951)	6,900,610
Vehicles	1,395,830	159,401	(210,869)	1,344,362
Infrastructure	<u>81,214,978</u>	<u>5,189,434</u>	<u>-</u>	<u>86,404,412</u>
<i>Total capital assets, being depreciated</i>	<u>121,395,006</u>	<u>5,665,390</u>	<u>(539,498)</u>	<u>126,520,898</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(879,689)	(37,987)	-	(917,676)
Buildings and improvements	(17,321,237)	(675,545)	72,295	(17,924,487)
Equipment	(3,318,505)	(391,948)	125,289	(3,585,164)
Vehicles	(778,372)	(126,057)	210,869	(693,560)
Infrastructure	<u>(21,762,574)</u>	<u>(1,542,198)</u>	<u>-</u>	<u>(23,304,772)</u>
<i>Total accumulated depreciation</i>	<u>(44,060,377)</u>	<u>(2,773,735)</u>	<u>408,453</u>	<u>(46,425,659)</u>
Total capital assets, net	<u>\$ 83,910,683</u>	<u>\$ 11,447,358</u>	<u>\$ (5,320,479)</u>	<u>\$ 90,037,562</u>

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

<u>Business-type activities:</u>	
Sewer	\$ 1,760,123
Water	<u>1,013,612</u>
Total depreciation expense - business-type activities	<u>\$ 2,773,735</u>

NOTE 10 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation Leave

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$566,465 at December 31, 2021. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - OTHER EMPLOYEE BENEFITS – (Continued)

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service. Upon retirement, an employee is paid a percentage of his accumulated sick leave within various limits. The total obligation for sick leave for the City as a whole amounted to \$665,865 at December 31, 2021. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

NOTE 11 - CAPITAL LEASES

In 2021, the City entered into capital lease agreements for a leaf vacuum and vehicles. In a prior year the City entered into a capital lease agreement for a tractor and another leaf vacuum. These lease agreements meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The capital assets have been capitalized in both the governmental activities and business type activities. The cost of the capital assets resulting from the capital leases in the governmental activities totals \$864,472, which represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2021, accumulated depreciation was \$132,003, resulting in a net book value of \$732,469. The cost of the capital assets resulting from the capital leases in the business type activities totals \$159,401, which represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2021, accumulated depreciation was \$15,940, resulting in a net book value of \$143,461. A corresponding liability has been recorded in the governmental activities long-term obligations. The capital lease payments will be made from the capital improvements fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreements, and the present value of the minimum lease payments as of December 31, 2021:

<u>Year Ending December 31,</u>	<u>Governmental</u>	<u>Water</u>
2022	\$ 199,660	\$ 36,801
2023	199,661	36,803
2024	199,662	36,803
2025	125,745	36,804
2026	<u>55,692</u>	<u>12,261</u>
Total	780,420	159,472
Less: amount representing interest	<u>(71,517)</u>	<u>(19,750)</u>
Present value of net minimum lease payments	<u>\$ 708,903</u>	<u>\$ 139,722</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2021, the following changes occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Amount Due in One Year
General obligation bonds:					
Series 2018 Bonds - Ambulance - 2.86%	\$ 126,000	\$ -	\$ (41,000)	\$ 85,000	\$ 42,000
Series 2018 Bonds - S. Clinton St. - 2.86%	157,000	-	(51,000)	106,000	52,000
Series 2018 Bonds - Splash Pad - 2.86%	564,000	-	(182,000)	382,000	188,000
Series 2020 Bonds - Various Purpose - 1.00-2.00%	1,005,000	-	(90,000)	915,000	95,000
Series 2020 Bonds - Refunding - 1.00-2.00%	<u>2,560,000</u>	<u>-</u>	<u>(210,000)</u>	<u>2,350,000</u>	<u>220,000</u>
Total general obligation bonds	<u>4,412,000</u>	<u>-</u>	<u>(574,000)</u>	<u>3,838,000</u>	<u>597,000</u>
Land acquisition bonds - 2.75% - direct borrowing	1,777,952	-	(115,625)	1,662,327	118,804
OWDA loan - 0% - direct borrowing	1,515,267	-	(116,559)	1,398,708	116,559
Capital lease obligations	481,460	347,203	(119,760)	708,903	171,172
Net pension liability	15,910,240	-	(1,996,960)	13,913,280	-
Net OPEB liability	4,724,286	-	(3,025,487)	1,698,799	-
Compensated absences	<u>806,996</u>	<u>572,192</u>	<u>(385,653)</u>	<u>993,535</u>	<u>406,795</u>
Total	<u>\$ 29,628,201</u>	<u>\$ 919,395</u>	<u>\$ (6,334,044)</u>	24,213,552	<u>\$ 1,410,330</u>
Add: unamortized bond premium				<u>72,624</u>	
Total on statement of net position				<u>\$ 24,286,176</u>	

General Obligation Bonds:

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

Series 2020 various purpose general obligation bonds - On October 22, 2020, the City issued various purpose general obligation bonds, par value \$1,005,000 (series 2020 various purpose bonds). These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds were issued to provide resources for improving the intersection of Ottawa Avenue and Cleveland Avenue. The bonds have an annual interest rate ranging from 1.00% to 2.00% and are scheduled to mature on December 1, 2030. Principal and interest payments on the general obligation bonds will be made from the capital improvements fund.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

Land Acquisition Bonds

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

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

OWDA Loan

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

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

Capital Lease Obligations

The capital lease obligations is described in Note 11.

Compensated Absences

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

Net Pension Liability and Net OPEB Liability

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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>Direct Borrowing</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>OWDA Loan Principal</u>
2022	\$ 597,000	\$ 62,837	\$ 659,837	\$ 116,559
2023	611,000	48,492	659,492	116,559
2024	325,000	33,750	358,750	116,559
2025	335,000	27,250	362,250	116,559
2026	340,000	20,550	360,550	116,559
2027 - 2031	1,630,000	51,050	1,681,050	582,795
2032 - 2033	-	-	-	233,118
Total	<u>\$ 3,838,000</u>	<u>\$ 243,929</u>	<u>\$ 4,081,929</u>	<u>\$ 1,398,708</u>

<u>Year Ending</u>	<u>Direct Borrowing</u>		
	<u>Land Acquisition Bonds</u>		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2022	\$ 118,804	\$ 45,714	\$ 164,518
2023	122,071	42,447	164,518
2024	125,429	39,090	164,519
2025	128,878	35,640	164,518
2026	132,422	32,096	164,518
2027 - 2031	718,778	103,815	822,593
2032 - 2033	315,945	13,090	329,035
Total	<u>\$ 1,662,327</u>	<u>\$ 311,892</u>	<u>\$ 1,974,219</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, 2021, the City's voted debt margin was \$31,405,878 and the unvoted debt margin was \$18,993,239.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities Long-Term Obligations

During 2021, the following changes occurred in business-type activities long-term obligations:

<u>Business-type activities:</u>	Interest Rate	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Amount Due in One Year
<u>General obligation bonds:</u>						
Waterworks - Series 2016 Refunding:						
Current interest bonds	0.75-2.23%	\$ 1,510,000	\$ -	\$ (490,000)	\$ 1,020,000	\$ 505,000
Sewer - Series 2016B Improvement	3.00%	1,035,000	-	(335,000)	700,000	345,000
Sewer - Series 2018 CSO	2.86%	2,622,000	-	(292,000)	2,330,000	301,000
Sewer - Water Meter Sewer Portion 2020 Refunding	1.00-2.00%	867,500	-	(87,500)	780,000	92,500
Water - Water Meter Water Portion 2020 Refunding	1.00-2.00%	867,500	-	(87,500)	780,000	92,500
Water - Water Utility 2020 Refunding	1.00-2.00%	580,000	-	(60,000)	520,000	60,000
Sewer - Sewer Utility 2020 Refunding	1.00-2.00%	420,000	-	(40,000)	380,000	45,000
Water - Various Purpose 2020	1.00-2.00%	745,000	-	(70,000)	675,000	70,000
Total general obligation bonds		<u>8,647,000</u>	<u>-</u>	<u>(1,462,000)</u>	<u>7,185,000</u>	<u>1,511,000</u>
<u>Other long-term obligations:</u>						
OWDA loans	0.00-4.14%	28,470,646	6,250,615	(1,928,673)	32,792,588	1,830,723
OPWC loans	0.00%	2,164,916	-	(128,758)	2,036,158	123,404
Capital leases		-	159,401	(19,679)	139,722	29,169
Net pension liability		2,824,976	-	(790,887)	2,034,089	-
Net OPEB liability		2,106,420	-	(2,106,420)	-	-
Compensated absences		217,451	178,012	(156,668)	238,795	159,670
Total other long-term obligations		<u>35,784,409</u>	<u>6,588,028</u>	<u>(5,131,085)</u>	<u>37,241,352</u>	<u>2,142,966</u>
Total		<u>\$ 44,431,409</u>	<u>\$ 6,588,028</u>	<u>\$ (6,593,085)</u>	44,426,352	<u>\$ 3,653,966</u>
Add: unamortized bond premium					183,513	
Total on statement of net position					<u>\$ 44,609,865</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.

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

The Series 2016 Bonds are comprised of both current interest bonds, par value \$2,970,000, and capital appreciation bonds, par value \$209,999. The interest rates on the current interest bonds range from 0.75% to 2.23%. The capital appreciation bonds matured on December 1, 2020 (approximate initial offering yield to maturity 2.15%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds was \$490,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$97,727. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

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

Series 2020 various purpose general obligation bonds - On October 22, 2020, the City issued various purpose general obligation bonds, par value \$745,000 (series 2020 various purpose bonds). These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds were issued to provide resources for constructing improvements to stabilize an embankment abutting the City's water treatment plant. The bonds have an annual interest rate ranging from 1.00% to 2.00% and are scheduled to mature on December 1, 2030. Principal and interest payments on the general obligation bonds will be made from the water fund.

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.

Capital Lease Obligations

The capital lease obligations is described in Note 11.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

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

Year Ending	General Obligation Bonds		
	Current Interest Bonds		
	Principal	Interest	Total
2022	\$ 1,511,000	\$ 155,806	\$ 1,666,806
2023	1,541,000	119,144	1,660,144
2024	697,000	80,915	777,915
2025	712,000	64,206	776,206
2026	733,000	47,110	780,110
2027 - 2030	<u>1,991,000</u>	<u>58,558</u>	<u>2,049,558</u>
Total	<u>\$ 7,185,000</u>	<u>\$ 525,739</u>	<u>\$ 7,710,739</u>

OWDA Loans

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

At December 31, 2021, the City had the following OWDA loans outstanding:

Purpose	Interest Rate	Maturity Date	Balance Outstanding 12/31/2021
<u>Sewer Fund:</u>			
Group 6 sewer planning	3.25%	7/1/2029	\$ 226,740
Group 4 sewer design	3.25%	1/1/2029	361,585
Group 1/3 combined sewer separation	3.36%	1/1/2030	2,066,587
Group 2 express sewer	3.36%	1/1/2030	1,174,341
Group 5 sewer planning/SSSES	3.25%	1/1/2031	242,562
Group 6 sewer design	3.25%	1/1/2030	197,858
Group 4 sewer separation	3.53%	1/1/2031	3,479,707
Group 5 design	4.14%	1/1/2031	102,072
Group 31A river intrusion elimination project	4.14%	1/1/2031	275,081
Group 6 sewer separation	3.70%	1/1/2031	1,140,133
Group 5 sewer separation	3.25%	1/1/2031	1,800,898
Group 12/14 sewer planning	2.62%	7/1/2031	294,827
LTCP planning	3.28%	1/1/2034	323,545
Group 14/15 sewer separation	2.45%	1/1/2034	1,442,698
2012 CSO long-term control planning	2.69%	1/1/2034	282,155
CSO LTCP planning pace - year 2013	2.38%	7/1/2035	368,452
Group 13 inflow reduction	3.40%	7/1/2034	241,323
CSO LTCP planning - year 2015	2.03%	1/1/2036	278,491
Auglaize interceptor sewer rehab	1.83%	1/1/2037	450,148
East High Street inflow reduction CSO	0.00%	1/1/2039	2,427,190
College Place inflow reduction CSO	0.00%	1/1/2039	1,019,433
Group 9.1 & 9.3 inflow reduction CSO - "Open"	0.00%	1/1/2041	1,345,160
UV Disinfection Improvements - "Open"	1.22%	7/1/2040	2,032,174
			<u>21,573,160</u>
<u>Water Fund:</u>			
Reservoir construction	4.09%	7/1/2037	4,997,299
WTP GAC Facility HAB - "Open"	0.00%	1/1/2042	6,222,129
Total OWDA loans			<u>\$ 32,792,588</u>

The City has pledged future sewer revenues and water revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and water fund revenues, and are payable through 2042. Annual principal and interest payments on the loans are expected to require 30.29 percent of net revenues and 16.88 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$36,787,389. Principal and interest paid for the current year was \$2,417,966, total net revenues were \$7,982,944 and total revenues were \$14,261,800.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

The following is a summary of the City’s future annual debt service requirements for the business-type activities OWDA loans (the schedule below will not agree to the balance of OWDA loans outstanding in the schedule of long-term obligations due to various loans still being “open” at December 31, 2021):

<u>Year Ending</u>	Direct Borrowing		
	OWDA Loans Payable		
	Principal	Interest	Total
2022	\$ 1,830,723	\$ 618,370	\$ 2,449,093
2023	1,886,348	567,266	2,453,614
2024	1,943,915	514,381	2,458,296
2025	2,003,492	459,650	2,463,142
2026	2,065,152	403,009	2,468,161
2027 - 2031	9,101,274	1,133,373	10,234,647
2032 - 2036	3,741,874	294,456	4,036,330
2037 - 2039	620,346	4,298	624,644
Total	\$ 23,193,124	\$ 3,994,803	\$ 27,187,927

OPWC Loans

Improvements to the City’s water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2021, the City has the following loan outstanding with OPWC:

	Interest Rate	Maturity Date	Balance Outstanding 12/31/2021
<u>Water Fund:</u>			
OPWC loan	0.00%	1/1/2038	\$ 2,036,158
Total OPWC loans			\$ 2,036,158

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

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

Year Ending	Direct Borrowing		
	OPWC Loans Payable		
	Principal	Interest	Total
2022	\$ 123,404	\$ -	\$ 123,404
2023	123,403	-	123,403
2024	123,404	-	123,404
2025	123,403	-	123,403
2026	123,404	-	123,404
2027 - 2031	617,017	-	617,017
2032 - 2036	617,019	-	617,019
2037 - 2038	185,104	-	185,104
Total	\$ 2,036,158	\$ -	\$ 2,036,158

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 2021, 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 2021 totaled \$171,648.

For the plan year, which includes December 31, 2021, 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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - RISK MANAGEMENT - (Continued)

B. BORMA Benefits Pool

The BORMA Benefits Pool (the “Pool”) is for employee benefits and includes life insurance, accidental death and dismemberment insurance, health insurance, and prescription drug insurance. Plan options and levels of coverage are established independently by each Pool member for its employees. Premiums paid into the Pool by each member are based on the level of coverage within each respective plan. The Pool includes 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, 2021, the Pool had total reported assets of \$9,849,164. The 2021 monthly premiums paid by the City per covered employee were \$2,529 for family coverage, \$1,687 for two-party coverage with spouse, \$1,521 for two-party coverage with child, and \$844 for single coverage. The monthly life insurance premium was \$1.60. 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 2021, the City paid \$3,597,650 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2021 was \$300,000 per individual; coverage in excess of this amount was provided by OptumHealth Financial Services.

BORMA, Inc., PERC and the BORMA Benefits Pool each have the ability to require member entities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the reserves and premium levels. Therefore, no additional amounts have been disclosed in the basic financial statements. Audited financial statements are maintained separately by each pool.

C. Workers’ Compensation

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

D. State Unemployment Benefits

Political subdivisions in Ohio are not required to pay the State’s unemployment tax. Instead, the City pays unemployment benefits claims directly to the Ohio Department of Job and Family Services, as they occur. During 2021, the City made no payments to the Ohio Department of Job and Family Services for unemployment benefits claims.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

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

The City contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$795,057 for 2021. Of this amount, \$93,587 is reported as due to other governments.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the 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 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

	Police	Firefighters
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$860,258 for 2021. Of this amount, \$108,292 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 OPERS were measured as of December 31, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.03449000%	0.03688200%	0.09134100%	0.17691640%	
Proportion of the net pension liability/asset current measurement date	<u>0.03388100%</u>	<u>0.04044000%</u>	<u>0.09013100%</u>	<u>0.16033720%</u>	
Change in proportionate share	<u>-0.00060900%</u>	<u>0.00355800%</u>	<u>-0.00121000%</u>	<u>-0.01657920%</u>	
Proportionate share of the net pension liability	\$ 5,017,038	\$ -	\$ -	\$ 10,930,331	\$ 15,947,369
Proportionate share of the net pension asset	-	(116,736)	(16,430)	-	(133,166)
Pension expense	50,907	2,752	(11,785)	1,002,820	1,044,694

At December 31, 2021, 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	\$ -	\$ -	\$ 11,288	\$ 456,926	\$ 468,214
Changes of assumptions	-	7,289	472	183,304	191,065
Changes in employer's proportionate percentage/difference between employer contributions	640,699	-	-	957,870	1,598,569
Contributions subsequent to the measurement date	718,646	26,065	50,346	860,258	1,655,315
Total deferred outflows of resources	<u>\$ 1,359,345</u>	<u>\$ 33,354</u>	<u>\$ 62,106</u>	<u>\$ 2,458,358</u>	<u>\$ 3,913,163</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ 209,868	\$ 22,024	\$ -	\$ 425,815	\$ 657,707
Net difference between projected and actual earnings on pension plan investments	1,955,495	17,362	1,797	530,191	2,504,845
Changes in employer's proportionate percentage/ difference between employer contributions	765,182	-	-	962,804	1,727,986
Total deferred inflows of resources	<u>\$ 2,930,545</u>	<u>\$ 39,386</u>	<u>\$ 1,797</u>	<u>\$ 1,918,810</u>	<u>\$ 4,890,538</u>

\$ 1,655,315 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, 2022.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2022	\$ (920,139)	\$ (8,359)	\$ 1,256	\$ 72,469	\$ (854,773)
2023	(305,884)	(5,309)	1,528	286,233	(23,432)
2024	(797,124)	(9,313)	1,116	(427,577)	(1,232,898)
2025	(266,699)	(4,334)	1,354	(164,688)	(434,367)
2026	-	(1,860)	1,422	(87,147)	(87,585)
Thereafter	-	(2,922)	3,287	-	365
Total	<u>\$ (2,289,846)</u>	<u>\$ (32,097)</u>	<u>\$ 9,963</u>	<u>\$ (320,710)</u>	<u>\$ (2,632,690)</u>

Actuarial Assumptions - OPERS

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

Projections of 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, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2020, 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 11.70% for 2020.

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</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, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 9,570,027	\$ 5,017,038	\$ 1,231,236
Combined Plan	(81,284)	(116,736)	(143,158)
Member-Directed Plan	(14,421)	(16,430)	(18,026)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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%.

Age	Police	Fire
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.

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 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.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2020 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 15,216,421	\$ 10,930,331	\$ 7,343,306

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report referenced below for additional information.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$20,139 for 2021. Of this amount, \$2,371 is reported as due to other governments.

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

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

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

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

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$20,414 for 2021. Of this amount, \$2,570 is reported as due to other governments.

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	0.03680100%	0.17691640%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03631100%</u>	<u>0.16033720%</u>	
Change in proportionate share	<u>-0.00049000%</u>	<u>-0.01657920%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 1,698,799	\$ 1,698,799
Proportionate share of the net OPEB asset	(646,910)	-	(646,910)
OPEB expense	(3,930,956)	170,747	(3,760,209)

At December 31, 2021, 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			
Changes of assumptions	\$ 318,028	\$ 938,495	\$ 1,256,523
Changes in employer's proportionate percentage/difference between employer contributions	443,562	182,146	625,708
Contributions subsequent to the measurement date	20,139	20,414	40,553
Total deferred outflows of resources	<u>\$ 781,729</u>	<u>\$ 1,141,055</u>	<u>\$ 1,922,784</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 583,832	\$ 280,210	\$ 864,042
Net difference between projected and actual earnings on OPEB plan investments	344,551	63,129	407,680
Changes of assumptions	1,048,187	270,820	1,319,007
Changes in employer's proportionate percentage/difference between employer contributions	493,014	136,179	629,193
Total deferred inflows of resources	<u>\$ 2,469,584</u>	<u>\$ 750,338</u>	<u>\$ 3,219,922</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$40,553 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, 2022.

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
2022	\$ (902,412)	\$ 81,144	\$ (821,268)
2023	(615,256)	96,091	(519,165)
2024	(149,727)	72,525	(77,202)
2025	(40,599)	82,315	41,716
2026	-	31,359	31,359
Thereafter	-	6,869	6,869
Total	\$ (1,707,994)	\$ 370,303	\$ (1,337,691)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 160,858	\$ 646,910	\$ 1,046,483

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

Retiree health care valuations use a health care cost-trend assumption 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 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 662,676	\$ 646,910	\$ 629,270

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
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	3.25%
Single discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% simple per year

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

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

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2020, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: assumptions are geometric.

* levered 2.5x

** 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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96%), or one percentage point higher (3.96%) than the current rate.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,118,305	\$ 1,698,799	\$ 1,352,755

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	<u>General</u>	<u>Police and Fire</u>
Budget basis	\$ 907,361	\$ (344,053)
Net adjustment for revenue accruals	(108,174)	14,734
Net adjustment for expenditure accruals	979,970	6,581
Net adjustment for other sources/uses	(840,820)	64,106
Funds budgeted elsewhere	(30,381)	-
Adjustment for encumbrances	<u>92,523</u>	<u>41,900</u>
GAAP basis	<u>\$ 1,000,479</u>	<u>\$ (216,732)</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 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
CDBG loans	<u>\$ 518,132</u>	<u>\$ 229,000</u>	<u>\$ (206,073)</u>	<u>\$ 541,059</u>

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

NOTE 18 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2021.

B. Litigation

At December 31, 2021, 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, 2021.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 19 - CONTRACTUAL COMMITMENTS

At December 31, 2021, 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	\$ 534,576	\$ 527,176	\$ 7,400
Peterson Construction Company	9,550,525	7,724,754	1,825,771
Baker-Shindler Contracting Co.	162,974	121,319	41,655
Ward Construction Co.	233,882	216,592	17,290
Gerkin Paving Inc.	1,173,366	1,131,231	42,135
Vernon Nagel, Inc.	4,163,188	3,867,968	295,220
Stantec Consulting Services, Inc.	880,750	714,947	165,803
Total contractual commitments	<u>\$ 16,699,261</u>	<u>\$ 14,303,987</u>	<u>\$ 2,395,274</u>

NOTE 20 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General	\$ 14,622
Capital improvement	362,762
Nonmajor governmental funds	<u>209,910</u>
Total	<u>\$ 587,294</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ -	\$ -	\$ -	\$ 67,428	\$ 67,428
Unclaimed monies	<u>17,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,768</u>
Total nonspendable	<u>17,768</u>	<u>-</u>	<u>-</u>	<u>67,428</u>	<u>85,196</u>
Restricted:					
Debt service	-	-	-	646,383	646,383
Capital projects	-	-	-	5,120	5,120
Street construction, maintenance & repair	-	-	-	421,698	421,698
Police and fire pension	-	-	-	52,179	52,179
Court programs	-	-	-	334,769	334,769
Probation programs	-	-	-	169,161	169,161
Police and fire programs	-	468,461	-	211,089	679,550
Revolving loan program	-	-	-	1,161,027	1,161,027
Museum trust	-	-	-	739,999	739,999
Covid-19 purposes	-	-	-	871,215	871,215
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,952</u>	<u>925,952</u>
Total restricted	<u>-</u>	<u>468,461</u>	<u>-</u>	<u>5,538,592</u>	<u>6,007,053</u>
Committed:					
Capital projects	-	-	1,079,528	-	1,079,528
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,704</u>	<u>4,704</u>
Total committed	<u>-</u>	<u>-</u>	<u>1,079,528</u>	<u>4,704</u>	<u>1,084,232</u>
Assigned:					
Subsequent year appropriations	239,109	-	-	-	239,109
Debt Service	-	-	-	3	3
Health Care Trust	280,104	-	-	-	280,104
Other purposes	<u>14,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,622</u>
Total assigned	<u>533,835</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>533,838</u>
Unassigned	<u>6,114,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,114,709</u>
Total fund balances	<u>\$ 6,666,312</u>	<u>\$ 468,461</u>	<u>\$ 1,079,528</u>	<u>\$ 5,610,727</u>	<u>\$ 13,825,028</u>

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 2021 was \$8,501,150. The total value of taxes abated for 2021 was \$25,503.

NOTE 23 - ASSET RETIREMENT OBLIGATIONS

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

NOTE 24 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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 EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.033881%	0.034490%	0.035258%	0.034730%
City's proportionate share of the net pension liability	\$ 5,017,038	\$ 6,817,182	\$ 9,656,450	\$ 5,448,464
City's covered payroll	\$ 4,773,636	\$ 4,918,264	\$ 4,746,564	\$ 4,650,831
City's proportionate share of the net pension liability as a percentage of its covered payroll	105.10%	138.61%	203.44%	117.15%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.040440%	0.036882%	0.032406%	0.032495%
City's proportionate share of the net pension asset	\$ 116,736	\$ 76,908	\$ 36,237	\$ 44,236
City's covered payroll	\$ 178,221	\$ 164,179	\$ 138,600	\$ 133,085
City's proportionate share of the net pension asset as a percentage of its covered payroll	65.50%	46.84%	26.15%	33.24%
Plan fiduciary net position as a percentage of the total pension asset	157.67%	145.28%	126.64%	137.28%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.090131%	0.091341%	0.092982%	0.090880%
City's proportionate share of the net pension asset	\$ 16,430	\$ 3,453	\$ 2,119	\$ 3,172
City's covered payroll	\$ 541,310	\$ 542,960	\$ 531,520	\$ 498,100
City's proportionate share of the net pension asset as a percentage of its covered payroll	3.04%	0.64%	0.40%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	113.42%	124.45%

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

2017	2016	2015	2014
0.033093%	0.032196%	0.032678%	0.032678%
\$ 7,514,858	\$ 5,576,753	\$ 3,941,332	\$ 3,852,309
\$ 4,316,075	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092
174.11%	137.49%	101.81%	101.13%
77.25%	81.08%	86.45%	86.36%
0.051442%	0.057060%	0.054957%	0.054957%
\$ 28,631	\$ 27,767	\$ 21,160	\$ 5,767
\$ 200,242	\$ 193,458	\$ 200,892	\$ 173,162
14.30%	14.35%	10.53%	3.33%
116.55%	116.90%	114.83%	104.56%
0.092801%	0.088535%	n/a	n/a
\$ 387	\$ 338	n/a	n/a
\$ 381,383	\$ 493,075	n/a	n/a
0.10%	0.07%	n/a	n/a
103.40%	103.91%	n/a	n/a

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.16033720%	0.17691640%	0.15648300%	0.15382600%
City's proportionate share of the net pension liability	\$ 10,930,331	\$ 11,918,034	\$ 12,773,148	\$ 9,440,974
City's covered payroll	\$ 3,948,534	\$ 4,305,269	\$ 3,553,488	\$ 3,400,922
City's proportionate share of the net pension liability as a percentage of its covered payroll	276.82%	276.82%	359.45%	277.60%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15463300%	0.15285400%	0.14738390%	0.14738390%
\$ 9,794,294	\$ 9,833,171	\$ 7,635,101	\$ 7,178,059
\$ 3,380,349	\$ 3,147,448	\$ 2,851,291	\$ 2,710,020
289.74%	312.42%	267.78%	264.87%
68.36%	66.77%	72.20%	73.00%

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 718,646	\$ 668,309	\$ 688,557	\$ 664,519
Contributions in relation to the contractually required contribution	<u>(718,646)</u>	<u>(668,309)</u>	<u>(688,557)</u>	<u>(664,519)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,133,186	\$ 4,773,636	\$ 4,918,264	\$ 4,746,564
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 26,065	\$ 24,951	\$ 22,985	\$ 19,404
Contributions in relation to the contractually required contribution	<u>(26,065)</u>	<u>(24,951)</u>	<u>(22,985)</u>	<u>(19,404)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 186,179	\$ 178,221	\$ 164,179	\$ 138,600
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 50,346	\$ 54,131	\$ 54,296	\$ 53,152
Contributions in relation to the contractually required contribution	<u>(50,346)</u>	<u>(54,131)</u>	<u>(54,296)</u>	<u>(53,152)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 503,460	\$ 541,310	\$ 542,960	\$ 531,520
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 604,608	\$ 517,929	\$ 486,721	\$ 464,542	\$ 495,182	\$ 379,087
<u>(604,608)</u>	<u>(517,929)</u>	<u>(486,721)</u>	<u>(464,542)</u>	<u>(495,182)</u>	<u>(379,087)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,650,831	\$ 4,316,075	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092	\$ 3,790,870
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
\$ 17,301	\$ 24,029	\$ 23,215	\$ 24,107	\$ 22,511	\$ 13,518
<u>(17,301)</u>	<u>(24,029)</u>	<u>(23,215)</u>	<u>(24,107)</u>	<u>(22,511)</u>	<u>(13,518)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 133,085	\$ 200,242	\$ 193,458	\$ 200,892	\$ 173,162	\$ 170,038
13.00%	12.00%	12.00%	12.00%	13.00%	7.95%
\$ 49,810	\$ 45,766	\$ 59,169			
<u>(49,810)</u>	<u>(45,766)</u>	<u>(59,169)</u>			
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
\$ 498,100	\$ 381,383	\$ 493,075			
10.00%	12.00%	12.00%			

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 418,888	\$ 403,773	\$ 413,167	\$ 374,164
Contributions in relation to the contractually required contribution	<u>(418,888)</u>	<u>(403,773)</u>	<u>(413,167)</u>	<u>(374,164)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,204,674	\$ 2,125,121	\$ 2,174,563	\$ 1,969,284
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
 <i>Fire:</i>				
Contractually required contribution	\$ 441,370	\$ 428,502	\$ 500,716	\$ 372,288
Contributions in relation to the contractually required contribution	<u>(441,370)</u>	<u>(428,502)</u>	<u>(500,716)</u>	<u>(372,288)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,878,170	\$ 1,823,413	\$ 2,130,706	\$ 1,584,204
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 357,329	\$ 356,195	\$ 326,523	\$ 304,580	\$ 253,276	\$ 200,811
<u>(357,329)</u>	<u>(356,195)</u>	<u>(326,523)</u>	<u>(304,580)</u>	<u>(253,276)</u>	<u>(200,811)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,880,679	\$ 1,874,711	\$ 1,718,542	\$ 1,603,053	\$ 1,594,602	\$ 1,574,988
19.00%	19.00%	19.00%	19.00%	15.88%	12.75%
\$ 357,257	\$ 353,825	\$ 335,793	\$ 293,336	\$ 227,254	\$ 200,587
<u>(357,257)</u>	<u>(353,825)</u>	<u>(335,793)</u>	<u>(293,336)</u>	<u>(227,254)</u>	<u>(200,587)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,520,243	\$ 1,505,638	\$ 1,428,906	\$ 1,248,238	\$ 1,114,901	\$ 1,162,823
23.50%	23.50%	23.50%	23.50%	20.38%	17.25%

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability/asset	0.036311%	0.036801%	0.037452%	0.036860%	0.035763%
City's proportionate share of the net OPEB liability/(asset)	\$ (646,910)	\$ 5,083,174	\$ 4,882,857	\$ 4,002,723	\$ 3,612,247
City's covered payroll	\$ 5,493,167	\$ 5,625,403	\$ 5,416,684	\$ 5,282,016	\$ 4,897,700
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	11.78%	90.36%	90.14%	75.78%	73.75%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.16033720%	0.17691640%	0.15648300%	0.15826000%	0.15463300%
City's proportionate share of the net OPEB liability	\$ 1,698,799	\$ 1,747,532	\$ 1,425,018	\$ 8,715,549	\$ 7,340,081
City's covered payroll	\$ 3,948,534	\$ 4,305,269	\$ 3,553,488	\$ 3,400,922	\$ 3,380,349
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	43.02%	40.59%	40.10%	256.27%	217.14%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 20,139	\$ 21,653	\$ 21,718	\$ 21,260
Contributions in relation to the contractually required contribution	<u>(20,139)</u>	<u>(21,653)</u>	<u>(21,718)</u>	<u>(21,260)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,822,825	\$ 5,493,167	\$ 5,625,403	\$ 5,416,684
Contributions as a percentage of covered payroll	0.35%	0.39%	0.39%	0.39%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 67,763	\$ 112,005	\$ 84,989	\$ 84,007	\$ 39,823	\$ 161,922
<u>(67,763)</u>	<u>(112,005)</u>	<u>(84,989)</u>	<u>(84,007)</u>	<u>(39,823)</u>	<u>(161,922)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,282,016	\$ 4,897,700	\$ 4,742,541	\$ 4,072,075	\$ 3,982,254	\$ 3,960,908
1.28%	2.29%	1.79%	2.06%	1.00%	4.09%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 11,023	\$ 10,626	\$ 10,873	\$ 9,846
Contributions in relation to the contractually required contribution	<u>(11,023)</u>	<u>(10,626)</u>	<u>(10,873)</u>	<u>(9,846)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,204,674	\$ 2,125,121	\$ 2,174,563	\$ 1,969,284
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 9,391	\$ 9,117	\$ 10,654	\$ 7,921
Contributions in relation to the contractually required contribution	<u>(9,391)</u>	<u>(9,117)</u>	<u>(10,654)</u>	<u>(7,921)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,878,170	\$ 1,823,413	\$ 2,130,706	\$ 1,584,204
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 9,403	\$ 9,374	\$ 8,825	\$ 8,427	\$ 52,900	\$ 106,312
<u>(9,403)</u>	<u>(9,374)</u>	<u>(8,825)</u>	<u>(8,427)</u>	<u>(52,900)</u>	<u>(106,312)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,880,679	\$ 1,874,711	\$ 1,718,542	\$ 1,603,053	\$ 1,594,602	\$ 1,574,988
0.50%	0.50%	0.50%	0.53%	3.32%	6.75%
\$ 7,601	\$ 7,528	\$ 7,145	\$ 6,432	\$ 37,212	\$ 78,490
<u>(7,601)</u>	<u>(7,528)</u>	<u>(7,145)</u>	<u>(6,432)</u>	<u>(37,212)</u>	<u>(78,490)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,520,243	\$ 1,505,638	\$ 1,428,906	\$ 1,248,238	\$ 1,114,901	\$ 1,162,823
0.50%	0.50%	0.50%	0.52%	3.34%	6.75%

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

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.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Major Special Revenue Fund

Police and Fire Fund

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

Nonmajor Special Revenue Funds

State Highway Improvements Fund

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

Permissive Tax Fund

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

Street Construction, Maintenance and Repair Fund

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

Court Technology Grant

This fund accounts for a one-time state grant received to enhance Court technology.

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.

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.

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.

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.

Probation Incentive Grant

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

Local Coronavirus Relief Fund

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

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

Unclaimed Monies Fund

This fund accounts for uncashed checks issued by the City.

Health Care Trust Fund

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

DEBT SERVICE FUNDS

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

Nonmajor Debt Service Fund

Bond Retirement Fund

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

Commerce Drive Fund

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

CAPITAL PROJECTS FUNDS

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

Major Capital Projects Fund

Capital Improvement Fund

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

Nonmajor Capital Projects Funds

Splash Pad Trust Fund

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

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CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 6,937,800	\$ 6,937,800	\$ 7,924,989	\$ 987,189
Property and other local taxes	643,900	643,900	639,073	(4,827)
Charges for services	699,500	699,500	809,338	109,838
Licenses, permits and fees	104,700	104,700	131,005	26,305
Fines and forfeitures	388,120	388,120	309,217	(78,903)
Intergovernmental	435,580	435,580	504,483	68,903
Investment income	81,505	81,505	104,501	22,996
Rental income.	3,000	3,000	3,200	200
Donations.	-	-	500	500
Other	70,000	70,000	263,121	193,121
Total revenues	9,364,105	9,364,105	10,689,427	1,325,322
Expenditures:				
Current:				
General Government:				
City Council:				
Salaries and wages	97,088	98,463	95,017	3,446
Operating	30,915	31,353	30,256	1,097
Total city council	128,003	129,816	125,273	4,543
Municipal Court:				
Salaries and wages	891,747	904,378	872,728	31,650
Operating	43,579	44,197	42,650	1,547
Total municipal court	935,326	948,575	915,378	33,197
County Law Library:				
Operating	26,895	27,276	26,321	955
Total county law library	26,895	27,276	26,321	955
Mayor:				
Salaries and wages	173,194	175,647	169,500	6,147
Operating	8,429	8,548	8,249	299
Total mayor.	181,623	184,195	177,749	6,446
City Administrator:				
Salaries and wages	155,095	157,292	151,787	5,505
Operating	31,503	31,949	30,831	1,118
Total city administrator	186,598	189,241	182,618	6,623
Finance Department:				
Salaries and wages	446,673	452,999	437,146	15,853
Operating	120,572	122,279	118,000	4,279
Total finance department.	567,245	575,278	555,146	20,132
County and State Charges:				
Operating	68,553	69,524	67,091	2,433
Total county and state charges.	68,553	69,524	67,091	2,433
Law Department:				
Salaries and wages	356,114	361,158	348,519	12,639
Operating	15,377	15,595	15,049	546
Total law department.	371,491	376,753	363,568	13,185

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civil Service:				
Salaries and wages	\$ 9,620	\$ 9,756	\$ 9,415	\$ 341
Operating	4,426	4,489	4,332	157
Total civil service	<u>14,046</u>	<u>14,245</u>	<u>13,747</u>	<u>498</u>
Land and Buildings:				
Salaries and wages	182,701	185,288	178,804	6,484
Operating	487,142	494,042	476,752	17,290
Total land and buildings	<u>669,843</u>	<u>679,330</u>	<u>655,556</u>	<u>23,774</u>
Insurance Pool:				
Operating	175,389	177,873	171,648	6,225
Total insurance pool	<u>175,389</u>	<u>177,873</u>	<u>171,648</u>	<u>6,225</u>
Income Tax Collection and Distribution:				
Salaries and wages	102,335	103,784	100,152	3,632
Operating	228,125	231,357	223,260	8,097
Total income tax collection and distribution	<u>330,460</u>	<u>335,141</u>	<u>323,412</u>	<u>11,729</u>
Total General Government	<u>3,655,472</u>	<u>3,707,247</u>	<u>3,577,507</u>	<u>129,740</u>
Public Health and Welfare:				
Cemetery:				
Salaries and wages	286,990	291,055	280,869	10,186
Operating	115,924	117,566	113,452	4,114
Total cemetery	<u>402,914</u>	<u>408,621</u>	<u>394,321</u>	<u>14,300</u>
Total Public Health and Welfare	<u>402,914</u>	<u>408,621</u>	<u>394,321</u>	<u>14,300</u>
Community Environment:				
Building Inspection:				
Salaries and wages	127,076	128,876	124,366	4,510
Operating	45,645	46,292	44,672	1,620
Total building inspection	<u>172,721</u>	<u>175,168</u>	<u>169,038</u>	<u>6,130</u>
Engineering:				
Salaries and wages	742,299	752,812	726,467	26,345
Operating	74,812	75,871	73,216	2,655
Total engineering.	<u>817,111</u>	<u>828,683</u>	<u>799,683</u>	<u>29,000</u>
Total Community Environment.	<u>989,832</u>	<u>1,003,851</u>	<u>968,721</u>	<u>35,130</u>
Leisure Time Activity:				
Parks and Recreation:				
Salaries and wages	443,180	449,457	433,728	15,729
Operating	353,784	358,795	346,238	12,557
Total parks and recreation	<u>796,964</u>	<u>808,252</u>	<u>779,966</u>	<u>28,286</u>
Total Leisure Time Activity	<u>796,964</u>	<u>808,252</u>	<u>779,966</u>	<u>28,286</u>

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CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Economic Development:				
Development Department:				
Operating	\$ 156,815	\$ 159,036	\$ 153,470	\$ 5,566
Total development department	156,815	159,036	153,470	5,566
Total Economic Development	156,815	159,036	153,470	5,566
Total expenditures	6,001,997	6,087,007	5,873,985	213,022
Excess of revenues over expenditures	3,362,108	3,277,098	4,815,442	1,538,344
Other financing sources (uses):				
Sale of capital assets.	10,000	10,000	110,638	100,638
Transfers in.	865,800	865,800	865,800	-
Transfers (out).	(4,990,968)	(5,061,658)	(4,884,519)	177,139
Total other financing sources (uses).	(4,115,168)	(4,185,858)	(3,908,081)	277,777
Net change in fund balance.	(753,060)	(908,760)	907,361	1,816,121
Fund balance at beginning of year.	4,323,801	4,323,801	4,323,801	-
Prior year encumbrances appropriated	143,985	143,985	143,985	-
Fund balance at end of year	<u>\$ 3,714,726</u>	<u>\$ 3,559,026</u>	<u>\$ 5,375,147</u>	<u>\$ 1,816,121</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
POLICE AND FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,990,201	\$ 240,201
Intergovernmental	127,000	127,000	159,229	32,229
Total revenues	1,877,000	1,877,000	2,149,430	272,430
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Salaries and wages	3,201,600	3,281,127	3,227,542	53,585
Operating	348,434	357,089	351,257	5,832
Total police	3,550,034	3,638,216	3,578,799	59,417
Fire:				
Salaries and wages	2,522,156	2,584,806	2,542,593	42,213
Operating	369,100	378,268	372,091	6,177
Total fire.	2,891,256	2,963,074	2,914,684	48,390
Total expenditures	6,441,290	6,601,290	6,493,483	107,807
Excess of expenditures over revenues	(4,564,290)	(4,724,290)	(4,344,053)	380,237
Other financing sources:				
Transfers in	4,000,000	4,000,000	4,000,000	-
Total other financing sources	4,000,000	4,000,000	4,000,000	-
Net change in fund balance	(564,290)	(724,290)	(344,053)	380,237
Fund balance at beginning of year.	811,360	811,360	811,360	-
Prior year encumbrances appropriated.	45,720	45,720	45,720	-
Fund balance at end of year	\$ 292,790	\$ 132,790	\$ 513,027	\$ 380,237

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CAPITAL IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,990,201	\$ 240,201
Intergovernmental.	2,743,638	2,743,638	2,006,828	(736,810)
Donations.	95,000	95,000	94,000	(1,000)
Other	-	-	16,335	16,335
Total revenues	<u>4,588,638</u>	<u>4,588,638</u>	<u>4,107,364</u>	<u>(481,274)</u>
Expenditures:				
Current:				
Capital Outlay:				
Operating	<u>5,781,375</u>	<u>6,026,728</u>	<u>5,260,713</u>	<u>766,015</u>
Total capital outlay	<u>5,781,375</u>	<u>6,026,728</u>	<u>5,260,713</u>	<u>766,015</u>
Debt Service:				
Principal retirement	162,705	169,610	166,000	3,610
Interest and fiscal charges	60,510	63,078	61,736	1,342
Total debt service.	<u>223,215</u>	<u>232,688</u>	<u>227,736</u>	<u>4,952</u>
Total expenditures.	<u>6,004,590</u>	<u>6,259,416</u>	<u>5,488,449</u>	<u>770,967</u>
Excess of expenditures over revenues.	<u>(1,415,952)</u>	<u>(1,670,778)</u>	<u>(1,381,085)</u>	<u>289,693</u>
Net change in fund balance.	(1,415,952)	(1,670,778)	(1,381,085)	289,693
Fund balance at beginning of year. . . .	1,647,449	1,647,449	1,647,449	-
Prior year encumbrances appropriated .	323,746	323,746	323,746	-
Fund balance at end of year	<u>\$ 555,243</u>	<u>\$ 300,417</u>	<u>\$ 590,110</u>	<u>\$ 289,693</u>

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,384,247	\$ 646,386	\$ 5,120	\$ 4,035,753
Cash in segregated accounts	724,118	-	-	724,118
Receivables (net of allowance for uncollectibles):				
Income taxes	5,283	-	-	5,283
Property and other local taxes.	271,536	-	-	271,536
Accounts	72,034	-	-	72,034
Loans receivable.	541,059	-	-	541,059
Special assessments.	-	120,161	-	120,161
Accrued interest.	2,383	-	-	2,383
Due from other governments	554,220	-	-	554,220
Materials and supplies inventory	67,428	-	-	67,428
Total assets	<u>\$ 5,622,308</u>	<u>\$ 766,547</u>	<u>\$ 5,120</u>	<u>\$ 6,393,975</u>
Liabilities:				
Accounts payable.	\$ 22,283	\$ -	\$ -	\$ 22,283
Accrued wages and benefits payable.	23,089	-	-	23,089
Due to other governments	53,659	-	-	53,659
Total liabilities	<u>99,031</u>	<u>-</u>	<u>-</u>	<u>99,031</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	184,780	-	-	184,780
Accrued interest not available.	1,383	-	-	1,383
Special assessments revenue not available.	-	120,161	-	120,161
Income tax revenue not available	2,085	-	-	2,085
Intergovernmental revenue not available	375,808	-	-	375,808
Total deferred inflows of resources.	<u>564,056</u>	<u>120,161</u>	<u>-</u>	<u>684,217</u>
Fund balances:				
Nonspendable	67,428	-	-	67,428
Restricted	4,887,089	646,383	5,120	5,538,592
Committed.	4,704	-	-	4,704
Assigned.	-	3	-	3
Total fund balances.	<u>4,959,221</u>	<u>646,386</u>	<u>5,120</u>	<u>5,610,727</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,622,308</u>	<u>\$ 766,547</u>	<u>\$ 5,120</u>	<u>\$ 6,393,975</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Income taxes	\$ 33,674	\$ -	\$ -	\$ 33,674
Property and other local taxes	495,091	-	-	495,091
Licenses, permits and fees	254,869	-	-	254,869
Fines and forfeitures	240,997	-	-	240,997
Intergovernmental	2,381,900	-	-	2,381,900
Special assessments	-	113,714	-	113,714
Investment income	24,686	-	-	24,686
Donations	28,537	-	12,500	41,037
Increase in fair value of investments	69,149	-	-	69,149
Other	142,748	-	-	142,748
Total revenues.	3,671,651	113,714	12,500	3,797,865
Expenditures:				
Current:				
General government	695,542	3,205	-	698,747
Security of persons and property	1,161,121	-	-	1,161,121
Public health and welfare	45,600	-	-	45,600
Transportation	1,074,378	-	-	1,074,378
Leisure time activity	965	-	-	965
Economic development	39,687	-	-	39,687
Capital outlay	345,274	-	-	345,274
Debt service:				
Principal retirement	232,046	232,184	182,000	646,230
Interest and fiscal charges	5,998	48,893	16,130	71,021
Total expenditures	3,600,611	284,282	198,130	4,083,023
Excess (deficiency) of revenues over (under) expenditures	71,040	(170,568)	(185,630)	(285,158)
Other financing sources (uses):				
Capital lease transaction	39,822	-	-	39,822
Transfers in	670,000	180,008	174,135	1,024,143
Transfers (out)	(124,135)	-	-	(124,135)
Total other financing sources (uses).	585,687	180,008	174,135	939,830
Net change in fund balances	656,727	9,440	(11,495)	654,672
Fund balances at beginning of year.	4,302,494	636,946	16,615	4,956,055
Fund balances at end of year.	\$ 4,959,221	\$ 646,386	\$ 5,120	\$ 5,610,727

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Indigent Drivers
Assets:				
Equity in pooled cash and cash equivalents	\$ 130,546	\$ 62,396	\$ 289,342	\$ 33,884
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	5,283	-
Property and other local taxes.	-	-	-	-
Accounts	-	-	-	936
Loans receivable.	-	-	-	-
Accrued interest.	299	-	664	-
Due from other governments	39,904	-	501,706	-
Materials and supplies inventory	-	-	67,428	-
Total assets.	<u>\$ 170,749</u>	<u>\$ 62,396</u>	<u>\$ 864,423</u>	<u>\$ 34,820</u>
Liabilities:				
Accounts payable	\$ 10	\$ 1,401	\$ 3,918	\$ -
Accrued wages and benefits payable.	-	-	23,089	-
Due to other governments	-	-	9,862	-
Total liabilities	<u>10</u>	<u>1,401</u>	<u>36,869</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	-
Accrued interest not available	174	-	385	-
Income tax revenue not available	-	-	2,085	-
Intergovernmental revenue not available	27,240	-	335,958	-
Total deferred inflows of resources.	<u>27,414</u>	<u>-</u>	<u>338,428</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	67,428	-
Restricted	143,325	60,995	421,698	34,820
Committed.	-	-	-	-
Total fund balances	<u>143,325</u>	<u>60,995</u>	<u>489,126</u>	<u>34,820</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 170,749</u>	<u>\$ 62,396</u>	<u>\$ 864,423</u>	<u>\$ 34,820</u>

Municipal Probation Services	Probation Grant	Court Computerization	Tree of Life	Special Project	OVI Special Project
\$ 140,044	\$ 9,203	\$ 333,237	\$ 4,704	\$ 199,984	\$ 245,834
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,102	-	1,673	-	11,889	1,717
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 144,146</u>	<u>\$ 9,203</u>	<u>\$ 334,910</u>	<u>\$ 4,704</u>	<u>\$ 211,873</u>	<u>\$ 247,551</u>
\$ 131	\$ 57	\$ 141	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>131</u>	<u>57</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
144,015	9,146	334,769	-	211,873	247,551
-	-	-	4,704	-	-
<u>144,015</u>	<u>9,146</u>	<u>334,769</u>	<u>4,704</u>	<u>211,873</u>	<u>247,551</u>
<u>\$ 144,146</u>	<u>\$ 9,203</u>	<u>\$ 334,910</u>	<u>\$ 4,704</u>	<u>\$ 211,873</u>	<u>\$ 247,551</u>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2021

	<u>Cable TV - Franchise</u>	<u>Revolving Loan - Industrial</u>	<u>Peace Officer Training</u>	<u>Riverside Cemetery Enhancement</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ -	\$ 619,372	\$ 7,271	\$ 6,133
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	-	-
Property and other local taxes.	-	-	-	-
Accounts	51,717	-	-	-
Loans receivable.	-	541,059	-	-
Accrued interest.	-	1,420	-	-
Due from other governments	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 51,717</u>	<u>\$ 1,161,851</u>	<u>\$ 7,271</u>	<u>\$ 6,133</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable.	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	-
Accrued interest not available	-	824	-	-
Income tax revenue not available	-	-	-	-
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources.	<u>-</u>	<u>824</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	51,717	1,161,027	7,271	6,133
Committed.	-	-	-	-
Total fund balances	<u>51,717</u>	<u>1,161,027</u>	<u>7,271</u>	<u>6,133</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,717</u>	<u>\$ 1,161,851</u>	<u>\$ 7,271</u>	<u>\$ 6,133</u>

Hotel/Motel Tax	Museum Trust	Police Pension	Fire Pension	Law Enforcement Trust	Fire and Rescue Trust
\$ 119,308	\$ 15,881	\$ 24,605	\$ 27,574	\$ 54,944	\$ 101,850
-	724,118	-	-	-	-
-	-	-	-	-	-
86,756	-	92,390	92,390	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,305	6,305	-	-
-	-	-	-	-	-
<u>\$ 206,064</u>	<u>\$ 739,999</u>	<u>\$ 123,300</u>	<u>\$ 126,269</u>	<u>\$ 54,944</u>	<u>\$ 101,850</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,550	\$ -
-	-	-	-	-	-
43,797	-	-	-	-	-
<u>43,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,550</u>	<u>-</u>
-	-	92,390	92,390	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,305	6,305	-	-
-	-	<u>98,695</u>	<u>98,695</u>	-	-
-	-	-	-	-	-
162,267	739,999	24,605	27,574	50,394	101,850
-	-	-	-	-	-
<u>162,267</u>	<u>739,999</u>	<u>24,605</u>	<u>27,574</u>	<u>50,394</u>	<u>101,850</u>
<u>\$ 206,064</u>	<u>\$ 739,999</u>	<u>\$ 123,300</u>	<u>\$ 126,269</u>	<u>\$ 54,944</u>	<u>\$ 101,850</u>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2021

	Fire Damage Repair	Probation Incentive Grant	Local Coronavirus Relief	Total Nonmajor Special Revenue Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 70,920	\$ 16,000	\$ 871,215	\$ 3,384,247
Cash in segregated accounts	-	-	-	724,118
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	-	5,283
Property and other local taxes.	-	-	-	271,536
Accounts	-	-	-	72,034
Loans receivable.	-	-	-	541,059
Accrued interest.	-	-	-	2,383
Due from other governments	-	-	-	554,220
Materials and supplies inventory	-	-	-	67,428
Total assets.	<u>\$ 70,920</u>	<u>\$ 16,000</u>	<u>\$ 871,215</u>	<u>\$ 5,622,308</u>
Liabilities:				
Accounts payable	\$ 12,075	\$ -	\$ -	\$ 22,283
Accrued wages and benefits payable.	-	-	-	23,089
Due to other governments	-	-	-	53,659
Total liabilities	<u>12,075</u>	<u>-</u>	<u>-</u>	<u>99,031</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	184,780
Accrued interest not available	-	-	-	1,383
Income tax revenue not available	-	-	-	2,085
Intergovernmental revenue not available	-	-	-	375,808
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,056</u>
Fund balances:				
Nonspendable	-	-	-	67,428
Restricted	58,845	16,000	871,215	4,887,089
Committed.	-	-	-	4,704
Total fund balances	<u>58,845</u>	<u>16,000</u>	<u>871,215</u>	<u>4,959,221</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 70,920</u>	<u>\$ 16,000</u>	<u>\$ 871,215</u>	<u>\$ 5,622,308</u>

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CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Court Technology Grant
Revenues:				
Income taxes	\$ -	\$ -	\$ 33,674	\$ -
Property and other local taxes	-	-	-	-
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	82,701	54,486	1,123,698	18,220
Investment income	1,088	-	3,203	-
Donations.	-	-	-	-
Increase in fair value of investments	-	-	-	-
Other	-	-	4,519	-
Total revenues.	<u>83,789</u>	<u>54,486</u>	<u>1,165,094</u>	<u>18,220</u>
Expenditures:				
Current:				
General government	-	-	-	18,220
Security of persons and property.	-	-	-	-
Public health and welfare.	-	-	-	-
Transportation	112,524	1,402	960,452	-
Leisure time activity	-	-	-	-
Economic development	-	-	-	-
Capital outlay.	-	-	345,274	-
Debt service:				
Principal retirement.	-	51,000	6,046	-
Interest and fiscal charges.	-	4,490	1,508	-
Total expenditures	<u>112,524</u>	<u>56,892</u>	<u>1,313,280</u>	<u>18,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,735)</u>	<u>(2,406)</u>	<u>(148,186)</u>	<u>-</u>
Other financing sources (uses):				
Capital lease transaction	-	-	39,822	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>39,822</u>	<u>-</u>
Net change in fund balances	(28,735)	(2,406)	(108,364)	-
Fund balances at beginning of year.	172,060	63,401	597,490	-
Fund balances at end of year	<u>\$ 143,325</u>	<u>\$ 60,995</u>	<u>\$ 489,126</u>	<u>\$ -</u>

Indigent Drivers	Municipal Probation Services	Probation Grant	Court Computerization	Tree of Life	Special Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
17,921	20,512	-	55,640	-	131,901
-	-	61,644	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	25	30	-	608	-
<u>17,921</u>	<u>20,537</u>	<u>61,674</u>	<u>55,640</u>	<u>608</u>	<u>131,901</u>
-	-	-	110,346	-	-
17,972	44,307	58,727	-	-	-
-	-	-	-	-	-
-	-	-	-	965	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	175,000
-	-	-	-	-	-
<u>17,972</u>	<u>44,307</u>	<u>58,727</u>	<u>110,346</u>	<u>965</u>	<u>175,000</u>
<u>(51)</u>	<u>(23,770)</u>	<u>2,947</u>	<u>(54,706)</u>	<u>(357)</u>	<u>(43,099)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(51)	(23,770)	2,947	(54,706)	(357)	(43,099)
34,871	167,785	6,199	389,475	5,061	254,972
<u>\$ 34,820</u>	<u>\$ 144,015</u>	<u>\$ 9,146</u>	<u>\$ 334,769</u>	<u>\$ 4,704</u>	<u>\$ 211,873</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, 2021

	OVI Special Project	Cable TV - Franchise	Housing Rehabilitation Grant	Revolving Loan - Industrial
Revenues:				
Income taxes	\$ -	\$ -	\$ -	\$ -
Property and other local taxes	-	-	-	-
Licenses, permits and fees	-	254,869	-	-
Fines and forfeitures	8,129	-	-	-
Intergovernmental	-	-	26,017	14,800
Investment income	-	-	-	20,344
Donations.	-	-	-	-
Increase in fair value of investments	-	-	-	-
Other	9,356	-	-	41
Total revenues.	<u>17,485</u>	<u>254,869</u>	<u>26,017</u>	<u>35,185</u>
Expenditures:				
Current:				
General government	-	203,152	60,841	-
Security of persons and property.	-	-	-	-
Public health and welfare.	-	-	-	-
Transportation	-	-	-	-
Leisure time activity	-	-	-	-
Economic development	-	-	-	39,687
Capital outlay.	-	-	-	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
Total expenditures	<u>-</u>	<u>203,152</u>	<u>60,841</u>	<u>39,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,485</u>	<u>51,717</u>	<u>(34,824)</u>	<u>(4,502)</u>
Other financing sources (uses):				
Capital lease transaction	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,485	51,717	(34,824)	(4,502)
Fund balances at beginning of year.	<u>230,066</u>	<u>-</u>	<u>34,824</u>	<u>1,165,529</u>
Fund balances at end of year	<u>\$ 247,551</u>	<u>\$ 51,717</u>	<u>\$ -</u>	<u>\$ 1,161,027</u>

Peace Officer Training	Riverside Cemetery Enhancement	Hotel/Motel Tax	Museum Trust	Police Pension	Fire Pension
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	311,489	-	91,801	91,801
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	11,233	11,233
-	51	-	-	-	-
-	795	-	14,931	-	-
-	-	-	69,149	-	-
-	-	23	-	-	-
-	846	311,512	84,080	103,034	103,034
-	-	295,513	7,470	-	-
-	-	-	-	430,059	449,862
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	295,513	7,470	430,059	449,862
-	846	15,999	76,610	(327,025)	(346,828)
-	-	-	-	-	-
-	-	-	-	330,000	340,000
-	-	(124,135)	-	-	-
-	-	(124,135)	-	330,000	340,000
-	846	(108,136)	76,610	2,975	(6,828)
7,271	5,287	270,403	663,389	21,630	34,402
<u>\$ 7,271</u>	<u>\$ 6,133</u>	<u>\$ 162,267</u>	<u>\$ 739,999</u>	<u>\$ 24,605</u>	<u>\$ 27,574</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, 2021

	Law Enforcement Trust	Fire and Rescue Trust	Fire Damage Repair	Probation Incentive Grant
Revenues:				
Income taxes	\$ -	\$ -	\$ -	\$ -
Property and other local taxes	-	-	-	-
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	6,894	-	-	-
Intergovernmental	-	42,881	-	63,772
Investment income	-	-	-	-
Donations.	5,646	7,165	-	-
Increase in fair value of investments	-	-	-	-
Other	677	-	127,445	24
Total revenues.	13,217	50,046	127,445	63,796
Expenditures:				
Current:				
General government	-	-	-	-
Security of persons and property.	4,915	8,181	85,547	61,551
Public health and welfare.	-	-	-	-
Transportation	-	-	-	-
Leisure time activity	-	-	-	-
Economic development	-	-	-	-
Capital outlay.	-	-	-	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
Total expenditures	4,915	8,181	85,547	61,551
Excess (deficiency) of revenues over (under) expenditures	8,302	41,865	41,898	2,245
Other financing sources (uses):				
Capital lease transaction	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	8,302	41,865	41,898	2,245
Fund balances at beginning of year.	42,092	59,985	16,947	13,755
Fund balances at end of year	\$ 50,394	\$ 101,850	\$ 58,845	\$ 16,000

<u>Local Coronavirus Relief</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 33,674
-	495,091
-	254,869
-	240,997
871,215	2,381,900
-	24,686
-	28,537
-	69,149
-	142,748
<u>871,215</u>	<u>3,671,651</u>
-	695,542
-	1,161,121
45,600	45,600
-	1,074,378
-	965
-	39,687
-	345,274
-	232,046
-	5,998
<u>45,600</u>	<u>3,600,611</u>
<u>825,615</u>	<u>71,040</u>
-	39,822
-	670,000
-	<u>(124,135)</u>
-	<u>585,687</u>
825,615	656,727
45,600	4,302,494
<u>\$ 871,215</u>	<u>\$ 4,959,221</u>

CITY OF DEFIANCE, OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2021

	Bond Retirement	Commerce Drive	Total Nonmajor Debt Service Funds
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 646,383	\$ 3	\$ 646,386
Receivables:			
Special assessments	120,161	-	120,161
Total assets	<u>\$ 766,544</u>	<u>\$ 3</u>	<u>\$ 766,547</u>
Deferred inflows of resources:			
Special assessments revenue not available.	\$ 120,161	-	\$ 120,161
Total deferred inflows of resources.	<u>120,161</u>	<u>-</u>	<u>120,161</u>
Fund balances:			
Restricted	646,383	-	646,383
Assigned	-	3	3
Total fund balances	<u>646,383</u>	<u>3</u>	<u>646,386</u>
Total deferred inflows of resources and fund balances	<u>\$ 766,544</u>	<u>\$ 3</u>	<u>\$ 766,547</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Bond Retirement	Commerce Drive	Total Nonmajor Debt Service Funds
Revenues:			
Special assessments	\$ 113,714	\$ -	\$ 113,714
Total revenues.	<u>113,714</u>	<u>-</u>	<u>113,714</u>
Expenditures:			
Current:			
General government	3,205	-	3,205
Debt service:			
Principal retirement.	116,559	115,625	232,184
Interest and fiscal charges	-	48,893	48,893
Total expenditures	<u>119,764</u>	<u>164,518</u>	<u>284,282</u>
Excess of expenditures over revenues	<u>(6,050)</u>	<u>(164,518)</u>	<u>(170,568)</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	9,439	1	9,440
Fund balances at beginning of year	<u>636,944</u>	<u>2</u>	<u>636,946</u>
Fund balances at end of year	<u><u>\$ 646,383</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 646,386</u></u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
STATE HIGHWAY IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 81,000	\$ 81,000	\$ 82,460	\$ 1,460
Investment income	1,750	1,750	1,518	(232)
Total revenues	<u>82,750</u>	<u>82,750</u>	<u>83,978</u>	<u>1,228</u>
Expenditures:				
Current:				
Transportation:				
Capital Improvements:				
Operating	<u>147,415</u>	<u>147,415</u>	<u>118,049</u>	<u>29,366</u>
Total expenditures	<u>147,415</u>	<u>147,415</u>	<u>118,049</u>	<u>29,366</u>
Net change in fund balance.	(64,665)	(64,665)	(34,071)	30,594
Fund balance at beginning of year. . . .	154,725	154,725	154,725	-
Prior year encumbrances appropriated .	4,415	4,415	4,415	-
Fund balance at end of year	<u>\$ 94,475</u>	<u>\$ 94,475</u>	<u>\$ 125,069</u>	<u>\$ 30,594</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PERMISSIVE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 55,491	\$ 55,491	\$ 54,486	\$ (1,005)
Total revenues.	<u>55,491</u>	<u>55,491</u>	<u>54,486</u>	<u>(1,005)</u>
Expenditures:				
Current:				
Transportation:				
Capital Improvements:				
Operating	294	296	296	-
Total capital improvements	<u>294</u>	<u>296</u>	<u>296</u>	<u>-</u>
Debt Service:				
Principal retirement	50,730	51,000	51,000	-
Interest and fiscal charges	4,467	4,491	4,490	1
Total debt service.	<u>55,197</u>	<u>55,491</u>	<u>55,490</u>	<u>1</u>
Total expenditures	<u>55,491</u>	<u>55,787</u>	<u>55,786</u>	<u>1</u>
Net change in fund balance.	-	(296)	(1,300)	(1,004)
Fund balance at beginning of year.	63,696	63,696	63,696	-
Fund balance at end of year	<u>\$ 63,696</u>	<u>\$ 63,400</u>	<u>\$ 62,396</u>	<u>\$ (1,004)</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 29,230	\$ 29,230	\$ 33,429	\$ 4,199
Intergovernmental	1,120,000	1,120,000	1,140,883	20,883
Investment income	2,830	2,830	4,127	1,297
Other	4,000	4,000	4,519	519
Total revenues.	<u>1,156,060</u>	<u>1,156,060</u>	<u>1,182,958</u>	<u>26,898</u>
Expenditures:				
Current:				
Transportation:				
Highway and Streets:				
Salaries and wages	788,807	788,807	730,881	57,926
Operating	646,223	646,223	598,768	47,455
Total expenditures.	<u>1,435,030</u>	<u>1,435,030</u>	<u>1,329,649</u>	<u>105,381</u>
Excess of expenditures over revenues	<u>(278,970)</u>	<u>(278,970)</u>	<u>(146,691)</u>	<u>132,279</u>
Other financing sources:				
Transfers in	20,000	20,000	19,607	(393)
Total other financing sources.	<u>20,000</u>	<u>20,000</u>	<u>19,607</u>	<u>(393)</u>
Net change in fund balance.	(258,970)	(258,970)	(127,084)	131,886
Fund balance at beginning of year.	355,077	355,077	355,077	-
Prior year encumbrances appropriated	39,143	39,143	39,143	-
Fund balance at end of year	<u>\$ 135,250</u>	<u>\$ 135,250</u>	<u>\$ 267,136</u>	<u>\$ 131,886</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COURT TECHNOLOGY GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 18,220	\$ 18,220	\$ -
Total revenues	<u>-</u>	<u>18,220</u>	<u>18,220</u>	<u>-</u>
Expenditures:				
Current:				
General Government:				
Municipal Probation:				
Operating	-	18,220	18,220	-
Total expenditures	<u>-</u>	<u>18,220</u>	<u>18,220</u>	<u>-</u>
Net change in fund balance.	-	-	-	-
Fund balance 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>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
INDIGENT DRIVERS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 20,000	\$ 20,000	\$ 17,644	\$ (2,356)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>17,644</u>	<u>(2,356)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating	40,000	40,000	17,972	22,028
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>17,972</u>	<u>22,028</u>
Net change in fund balance.	(20,000)	(20,000)	(328)	19,672
Fund balance at beginning of year. . . .	34,212	34,212	34,212	-
Fund balance at end of year	<u>\$ 14,212</u>	<u>\$ 14,212</u>	<u>\$ 33,884</u>	<u>\$ 19,672</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MUNICIPAL PROBATION SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 26,000	\$ 26,000	\$ 18,113	\$ (7,887)
Other	8,589	8,589	2,406	(6,183)
Total revenues.	<u>34,589</u>	<u>34,589</u>	<u>20,519</u>	<u>(14,070)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	52,805	52,805	39,902	12,903
Operating	45,800	45,800	5,059	40,741
Total expenditures	<u>98,605</u>	<u>98,605</u>	<u>44,961</u>	<u>53,644</u>
Net change in fund balance.	(64,016)	(64,016)	(24,442)	39,574
Fund balance at beginning of year. . . .	164,355	164,355	164,355	-
Fund balance at end of year	<u>\$ 100,339</u>	<u>\$ 100,339</u>	<u>\$ 139,913</u>	<u>\$ 39,574</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROBATION GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 61,644	\$ 61,644	\$ 61,644	\$ -
Other	-	-	30	30
Total revenues	<u>61,644</u>	<u>61,644</u>	<u>61,674</u>	<u>30</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	52,224	52,224	51,857	367
Operating	9,420	9,420	9,349	71
Total expenditures	<u>61,644</u>	<u>61,644</u>	<u>61,206</u>	<u>438</u>
Net change in fund balance.	-	-	468	468
Fund balance at beginning of year. . . .	<u>7,023</u>	<u>7,023</u>	<u>7,023</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,023</u>	<u>\$ 7,023</u>	<u>\$ 7,491</u>	<u>\$ 468</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COURT COMPUTERIZATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 80,000	\$ 80,000	\$ 57,942	\$ (22,058)
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>57,942</u>	<u>(22,058)</u>
Expenditures:				
Current:				
General Government:				
Municipal Court:				
Operating	130,144	158,144	149,879	8,265
Total expenditures	<u>130,144</u>	<u>158,144</u>	<u>149,879</u>	<u>8,265</u>
Net change in fund balance.	(50,144)	(78,144)	(91,937)	(13,793)
Fund balance at beginning of year. . . .	387,992	387,992	387,992	-
Prior year encumbrances appropriated .	144	144	144	-
Fund balance at end of year	<u>\$ 337,992</u>	<u>\$ 309,992</u>	<u>\$ 296,199</u>	<u>\$ (13,793)</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
TREE OF LIFE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 608	\$ 608
Total revenues.	-	-	608	608
Expenditures:				
Current:				
Leisure time activity:				
Parks and Recreation:				
Operating	5,000	5,000	965	4,035
Total expenditures	5,000	5,000	965	4,035
Net change in fund balance.	(5,000)	(5,000)	(357)	4,643
Fund balance at beginning of year.	5,061	5,061	5,061	-
Fund balance at end of year	\$ 61	\$ 61	\$ 4,704	\$ 4,643

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SPECIAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 160,000	\$ 125,000	\$ 127,998	\$ 2,998
Total revenues	<u>160,000</u>	<u>125,000</u>	<u>127,998</u>	<u>2,998</u>
Expenditures:				
Current:				
General Government:				
Municipal Court:				
Operating	18,700	18,700	3,700	15,000
Total municipal court	<u>18,700</u>	<u>18,700</u>	<u>3,700</u>	<u>15,000</u>
Debt Service:				
Principal retirement	175,000	175,000	175,000	-
Total debt service	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Total expenditures	<u>193,700</u>	<u>193,700</u>	<u>178,700</u>	<u>15,000</u>
Net change in fund balance.	(33,700)	(68,700)	(50,702)	17,998
Fund balance at beginning of year.	246,986	246,986	246,986	-
Prior year encumbrances appropriated	3,700	3,700	3,700	-
Fund balance at end of year	<u>\$ 216,986</u>	<u>\$ 181,986</u>	<u>\$ 199,984</u>	<u>\$ 17,998</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OVI SPECIAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 8,500	\$ 8,500	\$ 7,626	\$ (874)
Other	10,000	10,000	8,824	(1,176)
Total revenues	<u>18,500</u>	<u>18,500</u>	<u>16,450</u>	<u>(2,050)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance.	13,500	13,500	16,450	2,950
Fund balance at beginning of year. . . .	229,384	229,384	229,384	-
Fund balance at end of year	<u>\$ 242,884</u>	<u>\$ 242,884</u>	<u>\$ 245,834</u>	<u>\$ 2,950</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CABLE TV - FRANCHISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ 210,000	\$ 210,000	\$ 203,152	\$ (6,848)
Total revenues	<u>210,000</u>	<u>210,000</u>	<u>203,152</u>	<u>(6,848)</u>
Expenditures:				
Current:				
General Government:				
Cable TV:				
Operating	210,000	210,000	203,152	6,848
Total expenditures	<u>210,000</u>	<u>210,000</u>	<u>203,152</u>	<u>6,848</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year.	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HOUSING REHABILITATION GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 26,017	\$ 26,017	\$ -
Total revenues	<u>-</u>	<u>26,017</u>	<u>26,017</u>	<u>-</u>
Expenditures:				
Current:				
General Government:				
City Council:				
Operating	-	60,841	60,841	-
Total expenditures	<u>-</u>	<u>60,841</u>	<u>60,841</u>	<u>-</u>
Net change in fund balance.	-	(34,824)	(34,824)	-
Fund balance at beginning of year. . . .	34,824	34,824	34,824	-
Fund balance at end of year	<u>\$ 34,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
REVOLVING LOAN - INDUSTRIAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 95,015	\$ 95,015	\$ 14,800	\$ (80,215)
Investment income	6,900	6,900	5,585	(1,315)
Total revenues	<u>101,915</u>	<u>101,915</u>	<u>20,385</u>	<u>(81,530)</u>
Expenditures:				
Current:				
Economic Development:				
Capital Improvement:				
Operating	630,329	630,329	374,218	256,111
Total expenditures	<u>630,329</u>	<u>630,329</u>	<u>374,218</u>	<u>256,111</u>
Excess of expenditures over revenues . . .	<u>(528,414)</u>	<u>(528,414)</u>	<u>(353,833)</u>	<u>174,581</u>
Other financing sources:				
Other financing sources	145,278	145,278	222,013	76,735
Total other financing sources	<u>145,278</u>	<u>145,278</u>	<u>222,013</u>	<u>76,735</u>
Net change in fund balance.	(383,136)	(383,136)	(131,820)	251,316
Fund balance at beginning of year. . . .	525,061	525,061	525,061	-
Prior year encumbrances appropriated .	120,329	120,329	120,329	-
Fund balance at end of year	<u>\$ 262,254</u>	<u>\$ 262,254</u>	<u>\$ 513,570</u>	<u>\$ 251,316</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PEACE OFFICER TRAINING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund balance 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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
RIVERSIDE CEMETERY ENHANCEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 50	\$ 50	\$ 51	\$ 1
Donations.	760	760	795	35
Total revenues	<u>810</u>	<u>810</u>	<u>846</u>	<u>36</u>
Net change in fund balance.	810	810	846	36
Fund balance at beginning of year.	<u>5,287</u>	<u>5,287</u>	<u>5,287</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,097</u>	<u>\$ 6,097</u>	<u>\$ 6,133</u>	<u>\$ 36</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HOTEL/MOTEL TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other local taxes	\$ 270,000	\$ 270,000	\$ 293,752	\$ 23,752
Other	-	-	23	23
Total revenues	<u>270,000</u>	<u>270,000</u>	<u>293,775</u>	<u>23,775</u>
Expenditures:				
Current:				
General Government:				
General Operating:				
Salaries and wages	38,860	42,350	42,097	253
Operating	214,702	233,985	232,134	1,851
Total general operating	<u>253,562</u>	<u>276,335</u>	<u>274,231</u>	<u>2,104</u>
Capital Improvements:				
Operating	134,773	146,877	146,876	1
Total capital improvements	<u>134,773</u>	<u>146,877</u>	<u>146,876</u>	<u>1</u>
Total expenditures	<u>388,335</u>	<u>423,212</u>	<u>421,107</u>	<u>2,105</u>
Net change in fund balance.	(118,335)	(153,212)	(127,332)	25,880
Fund balance at beginning of year. . . .	246,490	246,490	246,490	-
Fund balance at end of year	<u>\$ 128,155</u>	<u>\$ 93,278</u>	<u>\$ 119,158</u>	<u>\$ 25,880</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MUSEUM TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Donations.	\$ 7,000	\$ 7,000	\$ 14,931	\$ 7,931
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>14,931</u>	<u>7,931</u>
Expenditures:				
Current:				
General Government:				
Trust Fund:				
Operating.	11,400	11,400	7,470	3,930
Total expenditures	<u>11,400</u>	<u>11,400</u>	<u>7,470</u>	<u>3,930</u>
Net change in fund balance.	(4,400)	(4,400)	7,461	11,861
Fund balance at beginning of year. . . .	8,420	8,420	8,420	-
Fund balance at end of year	<u>\$ 4,020</u>	<u>\$ 4,020</u>	<u>\$ 15,881</u>	<u>\$ 11,861</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
POLICE PENSION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 92,080	\$ 92,080	\$ 91,801	\$ (279)
Intergovernmental	11,800	11,800	11,233	(567)
Total revenues	<u>103,880</u>	<u>103,880</u>	<u>103,034</u>	<u>(846)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police Pension:				
Salaries and wages	404,079	432,000	428,006	3,994
Operating	1,921	2,054	2,053	1
Total expenditures	<u>406,000</u>	<u>434,054</u>	<u>430,059</u>	<u>3,995</u>
Excess of expenditures over revenues . . .	<u>(302,120)</u>	<u>(330,174)</u>	<u>(327,025)</u>	<u>3,149</u>
Other financing sources:				
Transfers in	310,000	330,000	330,000	-
Total other financing sources	<u>310,000</u>	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Net change in fund balance.	7,880	(174)	2,975	3,149
Fund balance at beginning of year. . . .	<u>21,630</u>	<u>21,630</u>	<u>21,630</u>	<u>-</u>
Fund balance at end of year	<u>\$ 29,510</u>	<u>\$ 21,456</u>	<u>\$ 24,605</u>	<u>\$ 3,149</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FIRE PENSION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 92,080	\$ 92,080	\$ 91,801	\$ (279)
Intergovernmental	11,800	11,800	11,233	(567)
Total revenues	<u>103,880</u>	<u>103,880</u>	<u>103,034</u>	<u>(846)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire Pension:				
Salaries and wages	437,014	452,000	447,809	4,191
Operating	1,986	2,054	2,053	1
Total expenditures	<u>439,000</u>	<u>454,054</u>	<u>449,862</u>	<u>4,192</u>
Excess of expenditures over revenues . . .	<u>(335,120)</u>	<u>(350,174)</u>	<u>(346,828)</u>	<u>3,346</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 balance.	4,880	(10,174)	(6,828)	3,346
Fund balance at beginning of year. . . .	<u>34,402</u>	<u>34,402</u>	<u>34,402</u>	<u>-</u>
Fund balance at end of year	<u>\$ 39,282</u>	<u>\$ 24,228</u>	<u>\$ 27,574</u>	<u>\$ 3,346</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LAW ENFORCEMENT TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 6,894	\$ 5,394
Donations.	5,000	5,000	5,646	646
Other	-	-	677	677
Total revenues	<u>6,500</u>	<u>6,500</u>	<u>13,217</u>	<u>6,717</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Operating	12,000	12,000	4,915	7,085
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>4,915</u>	<u>7,085</u>
Net change in fund balance.	(5,500)	(5,500)	8,302	13,802
Fund balance at beginning of year. . . .	42,092	42,092	42,092	-
Fund balance at end of year	<u>\$ 36,592</u>	<u>\$ 36,592</u>	<u>\$ 50,394</u>	<u>\$ 13,802</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FIRE AND RESCUE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 43,000	\$ 43,000	\$ 42,881	\$ (119)
Donations.	-	-	7,165	7,165
Total revenues	<u>43,000</u>	<u>43,000</u>	<u>50,046</u>	<u>7,046</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Operating	<u>16,005</u>	<u>19,005</u>	<u>18,186</u>	<u>819</u>
Total expenditures	<u>16,005</u>	<u>19,005</u>	<u>18,186</u>	<u>819</u>
Net change in fund balance.	26,995	23,995	31,860	7,865
Fund balance at beginning of year. . . .	59,985	59,985	59,985	-
Prior year encumbrances appropriated .	10,005	10,005	10,005	-
Fund balance at end of year	<u>\$ 96,985</u>	<u>\$ 93,985</u>	<u>\$ 101,850</u>	<u>\$ 7,865</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FIRE DAMAGE REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 127,445	\$ 127,445	\$ -
Total revenues	<u>-</u>	<u>127,445</u>	<u>127,445</u>	<u>-</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Operating	16,947	127,472	127,472	-
Total expenditures	<u>16,947</u>	<u>127,472</u>	<u>127,472</u>	<u>-</u>
Net change in fund balance.	(16,947)	(27)	(27)	-
Fund balance at beginning of year. . . .	-	-	-	-
Prior year encumbrances appropriated .	16,947	16,947	16,947	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 16,920</u>	<u>\$ 16,920</u>	<u>\$ -</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROBATION INCENTIVE GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 63,770	\$ 63,770	\$ 63,772	\$ 2
Other	-	-	24	24
Total revenues	<u>63,770</u>	<u>63,770</u>	<u>63,796</u>	<u>26</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	47,160	49,705	44,681	5,024
Operating	16,610	17,506	17,505	1
Total expenditures	<u>63,770</u>	<u>67,211</u>	<u>62,186</u>	<u>5,025</u>
Net change in fund balance.	-	(3,441)	1,610	5,051
Fund balance at beginning of year.	14,390	14,390	14,390	-
Fund balance at end of year	<u>\$ 14,390</u>	<u>\$ 10,949</u>	<u>\$ 16,000</u>	<u>\$ 5,051</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LOCAL CORONAVIRUS RELIEF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 871,215	\$ 871,215
Total revenues	-	-	871,215	871,215
Expenditures:				
Current:				
Public Health and Welfare:				
Operational Support Grant:				
Salaries and wages	-	30,000	30,000	-
Operating	-	36,705	36,705	-
Total expenditures	-	66,705	66,705	-
Net change in fund balance.	-	(66,705)	804,510	871,215
Fund balance at beginning of year. . . .	30,000	30,000	30,000	-
Prior year encumbrances appropriated .	36,705	36,705	36,705	-
Fund balance at end of year	\$ 66,705	\$ -	\$ 871,215	\$ 871,215

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
UNCLAIMED MONIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 5,220	\$ 5,220
Total revenues	-	-	5,220	5,220
Expenditures:				
Current:				
General Government:				
Finance Department:				
Operating	-	3,585	3,584	1
Total expenditures	-	3,585	3,584	1
Net change in fund balance.	-	(3,585)	1,636	5,221
Fund balance at beginning of year. . . .	16,132	16,132	16,132	-
Fund balance at end of year	\$ 16,132	\$ 12,547	\$ 17,768	\$ 5,221

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HEALTH CARE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 9,100	\$ 9,100	\$ 2,557	\$ (6,543)
Other	3,665,509	3,665,509	3,598,835	(66,674)
Total revenues	<u>3,674,609</u>	<u>3,674,609</u>	<u>3,601,392</u>	<u>(73,217)</u>
Expenditures:				
Current:				
General Government:				
Insurance Premiums:				
Personal services	3,629,000	3,635,650	3,631,944	3,706
Total expenditures	<u>3,629,000</u>	<u>3,635,650</u>	<u>3,631,944</u>	<u>3,706</u>
Net change in fund balance.	45,609	38,959	(30,552)	(69,511)
Fund balance at beginning of year.	310,635	310,635	310,635	-
Fund balance at end of year	<u>\$ 356,244</u>	<u>\$ 349,594</u>	<u>\$ 280,083</u>	<u>\$ (69,511)</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
BOND RETIREMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 115,280	\$ 115,280	\$ 113,714	\$ (1,566)
Total revenues.	<u>115,280</u>	<u>115,280</u>	<u>113,714</u>	<u>(1,566)</u>
Expenditures:				
Current:				
General Government:				
County and State Charges:				
Operating	5,000	5,000	3,205	1,795
Total county and state charges.	<u>5,000</u>	<u>5,000</u>	<u>3,205</u>	<u>1,795</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>104,275</u>	<u>1,795</u>
Net change in fund balance.	9,210	9,210	9,439	229
Fund balance at beginning of year.	636,944	636,944	636,944	-
Fund balance at end of year	<u>\$ 646,154</u>	<u>\$ 646,154</u>	<u>\$ 646,383</u>	<u>\$ 229</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COMMERCE DRIVE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt Service:				
Principal retirement	\$ 115,625	\$ 115,625	\$ 115,625	\$ -
Interest and fiscal charges	48,894	48,894	48,893	1
Total debt service	<u>164,519</u>	<u>164,519</u>	<u>164,518</u>	<u>1</u>
Total expenditures	<u>164,519</u>	<u>164,519</u>	<u>164,518</u>	<u>1</u>
Excess of expenditures over revenues.	<u>(164,519)</u>	<u>(164,519)</u>	<u>(164,518)</u>	<u>1</u>
Other financing sources:				
Transfers in	<u>164,520</u>	<u>164,520</u>	<u>164,519</u>	<u>(1)</u>
Total other financing sources.	<u>164,520</u>	<u>164,520</u>	<u>164,519</u>	<u>(1)</u>
Net change in fund balance.	1	1	1	-
Fund balance at beginning of year.	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ -</u></u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SPLASH PAD TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Donations	\$ 112,500	\$ 112,500	\$ 12,500	\$ (100,000)
Total revenues	<u>112,500</u>	<u>112,500</u>	<u>12,500</u>	<u>(100,000)</u>
Expenditures:				
Debt service:				
Principal retirement	182,000	182,000	182,000	-
Interest and fiscal charges	16,131	16,131	16,130	1
Total debt service	<u>198,131</u>	<u>198,131</u>	<u>198,130</u>	<u>1</u>
Total expenditures	<u>198,131</u>	<u>198,131</u>	<u>198,130</u>	<u>1</u>
Excess of expenditures over revenues . . .	<u>(85,631)</u>	<u>(85,631)</u>	<u>(185,630)</u>	<u>(99,999)</u>
Other financing sources:				
Transfers in	74,135	74,135	174,135	100,000
Total other financing sources	<u>74,135</u>	<u>74,135</u>	<u>174,135</u>	<u>100,000</u>
Net change in fund balance	(11,496)	(11,496)	(11,495)	1
Fund balance at beginning of year . . .	16,615	16,615	16,615	-
Fund balance at end of year	<u>\$ 5,119</u>	<u>\$ 5,119</u>	<u>\$ 5,120</u>	<u>\$ 1</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

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2021

	<u>Refuse</u>	<u>Utility Deposit</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 194,014	\$ -	\$ 194,014
Receivables (net of allowance for uncollectibles):			
Accounts	13,311	-	13,311
Total current assets.	<u>207,325</u>	<u>-</u>	<u>207,325</u>
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents. . .	-	380,844	380,844
Cash in segregated accounts	77,488	-	77,488
Total noncurrent assets	<u>77,488</u>	<u>380,844</u>	<u>458,332</u>
Total assets	<u>284,813</u>	<u>380,844</u>	<u>665,657</u>
Liabilities:			
Current liabilities:			
Accounts payable	51,600	-	51,600
Payable from restricted assets:			
Refundable deposits	-	380,844	380,844
Total liabilities	<u>51,600</u>	<u>380,844</u>	<u>432,444</u>
Net position:			
Unrestricted	233,213	-	233,213
Total net position	<u>\$ 233,213</u>	<u>\$ -</u>	<u>\$ 233,213</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Refuse	Total Nonmajor Enterprise Funds
Operating revenues:		
Charges for services	\$ 977,184	\$ 977,184
Total operating revenues	977,184	977,184
Operating expenses:		
Utilities	1,016,865	1,016,865
Total operating expenses	1,016,865	1,016,865
Change in net position.	(39,681)	(39,681)
Net position at beginning of year.	272,894	272,894
Net position at end of year	\$ 233,213	\$ 233,213

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Refuse	Utility Deposit	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from charges for services.	\$ 1,072,267	\$ -	\$ 1,072,267
Cash payments for utilities.	(1,045,508)	(53,267)	(1,098,775)
Net cash provided by (used in) operating activities	26,759	(53,267)	(26,508)
Net change in cash and cash equivalents	26,759	(53,267)	(26,508)
Cash and cash equivalents at beginning of year . . .	244,743	434,111	678,854
Cash and cash equivalents at end of year	\$ 271,502	\$ 380,844	\$ 652,346
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (39,681)	\$ -	\$ (39,681)
Changes in assets and liabilities:			
Change in accounts receivable	95,083	-	95,083
Change in accounts payable.	(28,643)	-	(28,643)
Change in utility deposits payable	-	(53,267)	(53,267)
Net cash provided by (used in) operating activities	\$ 26,759	\$ (53,267)	\$ (26,508)

CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

CUSTODIAL FUND

Custodial funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds. Following is a description of the City's custodial fund:

Municipal Court Fund

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

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STATISTICAL SECTION

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CITY OF DEFIANCE, OHIO
STATISTICAL SECTION

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

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

CITY OF DEFIANCE, OHIO

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:				
Net investment in capital assets	\$ 28,418,498	\$ 26,012,948	\$ 22,525,710	\$ 20,731,337
Restricted for:				
Capital projects	5,120	1,013,383	5,541	16,045
Debt service	766,547	766,012	724,312	727,762
Transportation projects	293,335	260,362	234,083	209,713
Safety projects	399,070	367,872	281,348	318,949
Special projects	456,680	478,583	509,327	472,256
Community environment projects	-	34,824	43,751	41,132
Economic development projects	1,278,061	1,356,350	1,396,153	1,461,066
Health projects	6,133	5,287	5,517	4,702
Museum trust	739,999	663,389	592,939	510,001
Other purposes	1,264,972	494,603	438,440	400,524
Unrestricted (deficit)	<u>(8,072,475)</u>	<u>(12,897,102)</u>	<u>(12,137,396)</u>	<u>(17,439,157)</u>
Total governmental activities	<u>25,555,940</u>	<u>18,556,511</u>	<u>14,619,725</u>	<u>7,454,330</u>
Business-type activities:				
Net investment in capital assets	45,930,518	44,812,994	41,221,061	37,714,003
Unrestricted	<u>4,953,840</u>	<u>1,597,298</u>	<u>2,553,073</u>	<u>4,054,501</u>
Total business-type activities	<u>50,884,358</u>	<u>46,410,292</u>	<u>43,774,134</u>	<u>41,768,504</u>
Total primary government:				
Net investment in capital assets	74,349,016	70,825,942	63,746,771	58,445,340
Restricted	5,209,917	5,440,665	4,231,411	4,162,150
Unrestricted	<u>(3,118,635)</u>	<u>(11,299,804)</u>	<u>(9,584,323)</u>	<u>(13,384,656)</u>
Total primary government	<u>\$ 76,440,298</u>	<u>\$ 64,966,803</u>	<u>\$ 58,393,859</u>	<u>\$ 49,222,834</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$	17,918,840	\$ 16,547,338	\$ 14,972,611	\$ 14,422,564	\$ 14,481,473	\$ 14,851,497
	230,490	178,127	-	48,399	-	7,844
	715,831	722,733	720,585	714,360	683,737	844,314
	307,179	427,612	804,151	892,276	712,739	581,289
	374,231	455,825	527,162	506,120	553,081	498,201
	428,765	378,716	344,976	315,471	292,143	263,351
	61,637	41,220	54,699	16,832	19,132	47,820
	1,469,015	1,774,767	1,943,972	2,214,522	2,134,556	2,114,679
	3,919	3,161	1,422	526	3,094	6,684
	386,049	332,600	-	-	-	-
	384,394	297,697	423,454	261,533	250,264	156,255
	(12,862,265)	(3,140,465)	(2,901,972)	(4,364,958)	3,354,535	2,850,904
	<u>9,418,085</u>	<u>18,019,331</u>	<u>16,891,060</u>	<u>15,027,645</u>	<u>22,484,754</u>	<u>22,222,838</u>
	35,185,014	32,132,408	28,739,028	26,579,042	21,292,299	21,768,542
	4,915,912	7,059,023	7,495,520	6,746,040	8,057,987	4,474,787
	<u>40,100,926</u>	<u>39,191,431</u>	<u>36,234,548</u>	<u>33,325,082</u>	<u>29,350,286</u>	<u>26,243,329</u>
	53,103,854	48,679,746	43,711,639	41,001,606	35,773,772	36,620,039
	4,361,510	4,612,458	4,820,421	4,970,039	4,648,746	4,520,437
	(7,946,353)	3,918,558	4,593,548	2,381,082	11,412,522	7,325,691
\$	<u>49,519,011</u>	<u>\$ 57,210,762</u>	<u>\$ 53,125,608</u>	<u>\$ 48,352,727</u>	<u>\$ 51,835,040</u>	<u>\$ 48,466,167</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Program revenues:				
Governmental activities:				
Charges for services and sales:				
General government	\$ 556,426	\$ 613,679	\$ 639,330	\$ 645,560
Security of persons and property	1,160,215	1,171,351	1,275,018	1,242,279
Public health and welfare	98,514	83,646	71,663	63,167
Community environment	109,770	93,248	146,803	94,890
Leisure time activity	22,266	2,000	30,482	26,432
Economic development	-	-	96,670	127,841
Operating grants and contributions	2,574,037	3,238,068	1,762,295	1,437,649
Capital grants and contributions	2,657,075	2,019,938	1,065,338	936,029
Total governmental activities	<u>7,178,303</u>	<u>7,221,930</u>	<u>5,087,599</u>	<u>4,573,847</u>
Business-type activities:				
Charges for services and sales:				
Sewer	7,240,621	7,108,089	7,412,701	7,289,055
Water	7,004,570	6,440,487	5,826,201	5,587,145
Refuse	977,184	1,130,337	934,540	983,244
Capital grants and contributions	236,976	27,083	187,930	166,875
Total business-type activities	<u>15,459,351</u>	<u>14,705,996</u>	<u>14,361,372</u>	<u>14,026,319</u>
Total primary government	<u>\$ 22,637,654</u>	<u>\$ 21,927,926</u>	<u>\$ 19,448,971</u>	<u>\$ 18,600,166</u>
Expenses:				
Governmental activities:				
General government	\$ 2,854,016	\$ 3,804,175	\$ 4,271,614	\$ 3,816,649
Security of persons and property	7,931,038	8,462,178	1,838,646	8,250,948
Public health and welfare	572,295	395,628	463,193	408,324
Transportation	2,019,417	2,158,810	2,186,816	2,166,138
Community environment	145,713	746,462	981,167	881,242
Leisure time activity	587,693	616,210	863,666	869,990
Economic development	173,360	327,664	145,816	2,225,249
Interest and fiscal charges	140,158	228,526	200,761	169,254
Total governmental activities	<u>14,423,690</u>	<u>16,739,653</u>	<u>10,951,679</u>	<u>18,787,794</u>
Business-type activities:				
Sewer	5,409,481	5,757,708	6,012,562	5,839,400
Water	4,625,428	5,481,227	5,560,402	5,410,444
Refuse	1,016,865	1,048,600	990,111	1,291,284
Total business-type activities	<u>11,051,774</u>	<u>12,287,535</u>	<u>12,563,075</u>	<u>12,541,128</u>
Total primary government	<u>\$ 25,475,464</u>	<u>\$ 29,027,188</u>	<u>\$ 23,514,754</u>	<u>\$ 31,328,922</u>
Net (expense) revenue:				
Governmental activities	\$ (7,245,387)	\$ (9,517,723)	\$ (5,864,080)	\$ (14,213,947)
Business-type activities	4,407,577	2,418,461	1,798,297	1,485,191
Total primary government	<u>\$ (2,837,810)</u>	<u>\$ (7,099,262)</u>	<u>\$ (4,065,783)</u>	<u>\$ (12,728,756)</u>

2017	2016	2015	2014	2013	2012
\$ 637,646	\$ 596,553	\$ 586,116	\$ 442,820	\$ 552,784	\$ 391,824
1,093,831	1,076,534	1,171,564	1,060,229	1,198,534	1,130,824
69,450	85,339	66,674	105,452	69,403	68,467
113,649	104,629	90,988	98,521	75,598	109,874
32,492	32,632	22,450	15,065	16,729	25,780
118,907	116,665	110,454	128,563	20,567	21,715
1,340,732	1,413,213	1,863,760	1,613,806	1,420,889	1,752,458
793,763	2,561,591	677,251	475,707	982,639	489,168
4,200,470	5,987,156	4,589,257	3,940,163	4,337,143	3,990,110
7,274,344	7,033,171	7,036,691	6,842,532	6,252,710	6,388,276
5,559,843	5,919,633	5,931,419	5,800,439	5,900,065	6,031,392
964,424	952,016	945,507	907,542	885,936	876,007
505,586	287,275	239,844	414,190	158,860	-
14,304,197	14,192,095	14,153,461	13,964,703	13,197,571	13,295,675
\$ 18,504,667	\$ 20,179,251	\$ 18,742,718	\$ 17,904,866	\$ 17,534,714	\$ 17,285,785
\$ 3,644,171	\$ 3,585,624	\$ 3,641,100	\$ 2,943,207	\$ 3,154,896	\$ 3,065,260
7,320,631	7,462,722	6,405,325	5,490,081	5,516,843	5,725,571
361,793	413,763	333,559	283,541	259,593	237,991
1,977,817	2,875,847	1,785,648	1,726,774	2,070,218	2,257,425
791,726	586,442	424,611	422,575	464,158	600,805
787,699	878,295	722,802	647,226	777,604	820,217
363,603	283,231	662,026	458,031	681,350	888,011
117,760	118,987	119,328	118,383	121,774	124,912
15,365,200	16,204,911	14,094,399	12,089,818	13,046,436	13,720,192
5,783,646	5,358,623	5,386,271	4,955,025	4,769,476	5,313,868
5,440,424	5,033,472	4,920,630	4,448,309	5,068,496	4,746,280
938,888	1,038,273	1,011,149	973,524	787,148	828,551
12,162,958	11,430,368	11,318,050	10,376,858	10,625,120	10,888,699
\$ 27,528,158	\$ 27,635,279	\$ 25,412,449	\$ 22,466,676	\$ 23,671,556	\$ 24,608,891
\$ (11,164,730)	\$ (10,217,755)	\$ (9,505,142)	\$ (8,149,655)	\$ (8,709,293)	\$ (9,730,082)
2,141,239	2,761,727	2,835,411	3,587,845	2,572,451	2,406,976
\$ (9,023,491)	\$ (7,456,028)	\$ (6,669,731)	\$ (4,561,810)	\$ (6,136,842)	\$ (7,323,106)

CITY OF DEFIANCE, OHIO

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General revenues and other changes in net position:				
Governmental activities:				
Income taxes levied for:				
General purposes	\$ 8,004,672	\$ 7,110,922	\$ 7,159,892	\$ 6,949,666
Special purposes	2,053,984	1,787,636	1,851,209	1,776,295
Capital purposes	2,023,198	1,683,991	1,820,629	1,746,952
Property taxes levied for:				
General purposes	627,973	589,906	611,307	577,777
Special purposes	495,091	453,367	539,819	550,250
Grants and entitlements not restricted to specific programs	549,519	347,125	314,117	277,998
Investment earnings	95,488	123,741	163,562	136,595
Payments in lieu of taxes	-	-	-	-
Change in fair value of investments	(136,544)	314,194	249,100	(76,555)
Miscellaneous	515,946	1,028,138	304,351	148,069
Transfers	15,489	15,489	15,489	(15,718)
Total governmental activities	<u>14,244,816</u>	<u>13,454,509</u>	<u>13,029,475</u>	<u>12,071,329</u>
Business-type activities:				
Investment earnings	65,369	96,399	152,184	136,321
Miscellaneous	16,609	136,787	70,638	26,237
Transfers	(15,489)	(15,489)	(15,489)	15,718
Special items	-	-	-	-
Total business-type activities	<u>66,489</u>	<u>217,697</u>	<u>207,333</u>	<u>178,276</u>
Total primary government	<u>\$ 14,311,305</u>	<u>\$ 13,672,206</u>	<u>\$ 13,236,808</u>	<u>\$ 12,249,605</u>
Change in net position:				
Governmental activities	\$ 6,999,429	\$ 3,936,786	\$ 7,165,395	\$ (2,142,618)
Business-type activities	4,474,066	2,636,158	2,005,630	1,663,467
Total primary government	<u>\$ 11,473,495</u>	<u>\$ 6,572,944</u>	<u>\$ 9,171,025</u>	<u>\$ (479,151)</u>

	2017	2016	2015	2014	2013	2012
\$	6,871,036	\$ 6,527,709	\$ 6,481,829	\$ 6,015,181	\$ 5,760,134	\$ 5,540,859
	1,758,540	1,658,961	1,642,395	1,495,912	24,562	23,028
	1,729,490	1,631,555	1,628,533	1,521,532	1,411,401	1,381,685
	560,928	603,781	593,210	620,421	550,030	523,667
	540,131	520,946	487,238	439,290	412,283	403,551
	256,159	276,974	249,294	387,599	524,815	768,909
	109,024	65,862	38,491	5,153	32,216	25,118
	-	-	-	-	67,034	66,732
	(8,649)	10,967	(17,150)	-	-	-
	204,560	142,151	258,453	431,790	247,289	201,507
	(48,876)	(92,880)	6,264	(1,737,268)	(58,555)	(346,089)
	<u>11,972,343</u>	<u>11,346,026</u>	<u>11,368,557</u>	<u>9,179,610</u>	<u>8,971,209</u>	<u>8,588,967</u>
	106,219	74,504	43,082	37,063	30,295	19,942
	71,863	27,772	37,237	63,592	107,946	44,680
	48,876	92,880	(6,264)	1,737,268	58,555	346,089
	-	-	-	-	337,710	-
	<u>226,958</u>	<u>195,156</u>	<u>74,055</u>	<u>1,837,923</u>	<u>534,506</u>	<u>410,711</u>
\$	<u>12,199,301</u>	<u>11,541,182</u>	<u>11,442,612</u>	<u>11,017,533</u>	<u>9,505,715</u>	<u>8,999,678</u>
\$	807,613	\$ 1,128,271	\$ 1,863,415	\$ 1,029,955	\$ 261,916	\$ (1,141,115)
	2,368,197	2,956,883	2,909,466	5,425,768	3,106,957	2,817,687
\$	<u>3,175,810</u>	<u>4,085,154</u>	<u>4,772,881</u>	<u>6,455,723</u>	<u>3,368,873</u>	<u>1,676,572</u>

CITY OF DEFIANCE, OHIO

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General fund:				
Nonspendable	\$ 17,768	\$ 16,132	\$ 5,792	\$ 5,748
Committed	-	-	-	-
Assigned	533,835	935,795	691,268	1,420,441
Unassigned	<u>6,114,709</u>	<u>4,713,906</u>	<u>3,785,296</u>	<u>3,297,366</u>
Total general fund	<u>6,666,312</u>	<u>5,665,833</u>	<u>4,482,356</u>	<u>4,723,555</u>
All other governmental funds:				
Nonspendable	67,428	57,094	57,094	33,990
Restricted	6,007,053	5,579,091	4,883,331	4,641,501
Committed	1,084,232	2,151,492	1,180,411	479,067
Assigned	3	2	1	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(2,402)</u>	<u>-</u>
Total all other governmental funds	<u>7,158,716</u>	<u>7,787,679</u>	<u>6,118,435</u>	<u>5,154,558</u>
Total governmental funds	<u>\$ 13,825,028</u>	<u>\$ 13,453,512</u>	<u>\$ 10,600,791</u>	<u>\$ 9,878,113</u>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 3,785	\$ 3,677	\$ 3,488	\$ 1,414	\$ 93	\$ 93
-	-	-	-	-	8,165
325,076	351,793	61,305	81,324	200,750	535,956
<u>4,059,005</u>	<u>3,505,898</u>	<u>3,176,273</u>	<u>2,538,419</u>	<u>1,638,857</u>	<u>1,050,874</u>
<u>4,387,866</u>	<u>3,861,368</u>	<u>3,241,066</u>	<u>2,621,157</u>	<u>1,839,700</u>	<u>1,595,088</u>
25,796	45,395	62,290	47,100	33,615	37,124
4,508,700	4,865,781	5,080,218	4,651,756	4,372,647	4,223,607
1,080,278	535,260	1,200,258	867,404	1,212,727	1,037,169
-	-	-	-	-	-
<u>(105,436)</u>	<u>-</u>	<u>-</u>	<u>(90,666)</u>	<u>(498,051)</u>	<u>-</u>
<u>5,509,338</u>	<u>5,446,436</u>	<u>6,342,766</u>	<u>5,475,594</u>	<u>5,120,938</u>	<u>5,297,900</u>
<u>\$ 9,897,204</u>	<u>\$ 9,307,804</u>	<u>\$ 9,583,832</u>	<u>\$ 8,096,751</u>	<u>\$ 6,960,638</u>	<u>\$ 6,892,988</u>

CITY OF DEFIANCE, OHIO

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:				
Income taxes	\$ 12,025,606	\$ 10,339,096	\$ 10,895,274	\$ 10,449,350
Property and other local taxes	1,149,424	1,043,729	1,142,991	1,145,427
Payments in lieu of taxes	-	-	-	-
Charges for services	830,085	756,636	710,456	690,802
Licenses, permits and fees	385,874	293,411	367,730	322,344
Fines and forfeitures	557,316	483,831	717,982	755,519
Intergovernmental	5,701,323	5,614,129	3,222,914	2,488,778
Special assessments	113,714	118,686	124,530	115,280
Investment income	119,715	154,474	200,368	171,684
Donations	135,537	185,647	165,250	299,308
Change in fair value of investments	(136,544)	314,194	249,100	(76,555)
Other	451,744	1,019,693	345,641	453,559
Total revenues	<u>21,333,794</u>	<u>20,323,526</u>	<u>18,142,236</u>	<u>16,815,496</u>
Expenditures:				
Current:				
General government	3,533,077	3,672,888	3,406,703	3,298,065
Security of persons and property	7,542,017	7,366,041	7,700,894	6,867,820
Public health and welfare	445,749	515,077	313,033	310,489
Transportation	1,074,378	1,099,409	973,132	1,044,641
Community environment	680,874	621,839	711,550	733,652
Leisure time activity	765,766	562,927	703,338	656,339
Economic development	173,360	327,664	145,816	2,225,249
Capital outlay	6,138,987	3,967,576	2,772,141	5,000,472
Debt service:				
Principal retirement	925,944	719,898	712,564	326,312
Interest and fiscal charges	155,456	151,465	201,058	124,779
Bond issuance costs	-	86,815	-	13,000
Total expenditures	<u>21,435,608</u>	<u>19,091,599</u>	<u>17,640,229</u>	<u>20,600,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,814)</u>	<u>1,231,927</u>	<u>502,007</u>	<u>(3,785,322)</u>
Other financing sources (uses):				
Payment to refunded bond escrow agent	-	(2,546,709)	-	-
Premium on notes issued	-	-	-	-
Bond issuance	-	3,565,000	-	3,363,000
Premium on bond issuance	-	81,458	-	-
Capital lease transaction	347,203	320,345	196,924	-
Transfers in	5,024,143	4,754,209	5,743,508	5,543,926
Transfers (out)	(5,008,654)	(4,738,720)	(5,728,019)	(5,528,437)
Issuance of loans	-	-	-	-
Sale of capital assets	110,638	185,211	8,258	116,961
Total other financing sources (uses)	<u>473,330</u>	<u>1,620,794</u>	<u>220,671</u>	<u>3,495,450</u>
Net change in fund balances	<u>\$ 371,516</u>	<u>\$ 2,852,721</u>	<u>\$ 722,678</u>	<u>\$ (289,872)</u>
Capital expenditures	\$ 6,182,731	\$ 5,444,187	\$ 2,819,516	\$ 4,809,994
Debt service as a percentage of noncapital expenditures	7.09%	6.38%	6.16%	2.86%

	2017	2016	2015	2014	2013	2012
\$	10,525,260	\$ 9,819,596	\$ 9,731,224	\$ 9,059,983	\$ 6,859,653	\$ 6,934,078
	1,108,298	1,115,263	1,093,043	1,031,890	967,412	937,902
	-	-	-	-	67,034	66,732
	654,361	682,231	752,932	677,255	752,837	671,448
	303,024	264,417	288,432	303,813	369,843	259,187
	830,344	745,139	736,546	741,019	790,492	796,536
	2,324,995	3,933,444	2,782,356	2,346,937	2,846,068	2,943,779
	138,504	119,791	122,734	34,246	36,196	40,992
	137,310	102,619	87,084	57,564	85,328	88,827
	160,970	415,498	123,066	52,343	7,553	6,480
	(8,649)	10,967	(17,150)	-	-	-
	232,926	153,871	285,692	429,910	245,989	198,445
	<u>16,407,343</u>	<u>17,362,836</u>	<u>15,985,959</u>	<u>14,734,960</u>	<u>13,028,405</u>	<u>12,944,406</u>
	3,186,798	3,091,634	3,400,259	2,845,060	2,740,480	2,624,218
	6,498,441	6,387,578	6,007,907	5,505,787	5,179,234	5,223,915
	275,466	291,343	282,332	252,955	224,443	207,560
	1,065,310	1,401,327	933,455	873,971	845,468	1,003,738
	639,132	483,181	385,516	407,403	426,724	506,585
	624,519	650,598	615,564	557,923	552,903	595,366
	562,262	386,731	662,026	492,102	681,350	888,011
	2,514,477	4,516,353	1,795,440	2,551,370	3,101,258	3,775,372
	320,558	319,823	318,923	331,625	184,686	164,543
	129,861	121,399	121,741	120,850	124,250	147,398
	-	-	-	-	-	-
	<u>15,816,824</u>	<u>17,649,967</u>	<u>14,523,163</u>	<u>13,939,046</u>	<u>14,060,796</u>	<u>15,136,706</u>
	590,519	(287,131)	1,462,796	795,914	(1,032,391)	(2,192,300)
	-	-	-	-	-	-
	9,616	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	196,890	-	-
	4,748,928	4,264,652	4,260,305	4,200,300	380,000	410,000
	(4,777,509)	(4,258,724)	(4,254,041)	(4,167,713)	(388,085)	(499,681)
	-	-	-	110,722	1,108,126	1,112,332
	17,846	5,175	18,021	-	-	-
	<u>(1,119)</u>	<u>11,103</u>	<u>24,285</u>	<u>340,199</u>	<u>1,100,041</u>	<u>1,022,651</u>
\$	<u>589,400</u>	<u>(276,028)</u>	<u>1,487,081</u>	<u>1,136,113</u>	<u>67,650</u>	<u>(1,169,649)</u>
\$	2,749,728	\$ 3,387,670	\$ 1,705,584	\$ 1,314,436	\$ 1,957,981	\$ 2,299,108
	3.45%	3.09%	3.44%	3.58%	2.55%	2.43%

CITY OF DEFIANCE, OHIO

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income tax rate	1.80%	1.80%	1.80%	1.80%
Income tax receipts:				
Employee withholding	\$ 8,602,836	\$ 8,158,736	\$ 8,101,466	\$ 7,936,162
% of total	72.1%	77.6%	74.3%	76.8%
Corporate	2,212,604	1,325,483	1,758,665	1,411,990
% of total	18.5%	12.6%	16.1%	13.7%
Individuals	1,123,380	1,031,047	1,038,572	979,305
% of total	9.4%	9.8%	9.5%	9.5%
Total income tax receipts	<u>\$ 11,938,820</u>	<u>\$ 10,515,266</u>	<u>\$ 10,898,703</u>	<u>\$ 10,327,457</u>

Source: City of Defiance Income Tax

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	1.80%	1.80%	1.80%	1.80%	1.50%	1.50%
\$	7,651,716	\$ 7,264,772	\$ 6,966,593	\$ 6,515,630	\$ 5,425,774	\$ 5,792,726
	73.9%	73.0%	72.6%	73.2%	79.8%	83.2%
	1,693,685	1,470,360	1,561,195	1,417,159	706,863	744,150
	16.4%	14.8%	16.3%	15.9%	10.4%	10.7%
	1,004,008	1,223,337	1,072,016	962,614	668,325	427,740
	9.7%	12.3%	11.2%	10.8%	9.8%	6.1%
<u>\$</u>	<u>10,349,409</u>	<u>\$ 9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>	<u>\$ 6,800,962</u>	<u>\$ 6,964,616</u>

CITY OF DEFIANCE, OHIO

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</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	\$ 7,924,989	\$ 6,980,033	\$ 7,234,559	\$ 6,855,366
% of total	66.38%	66.85%	66.38%	66.38%
Police and fire fund	1,990,201	1,752,895	1,816,814	1,721,587
% of total	16.67%	16.79%	16.67%	16.67%
Capital improvements fund	1,990,201	1,678,781	1,816,814	1,721,587
% of total	16.67%	16.08%	16.67%	16.67%
SCMR fund (street maintenance)	33,429	29,443	30,561	28,917
% of total	0.28%	0.28%	0.28%	0.28%
Total income tax allocated	<u>\$ 11,938,820</u>	<u>\$ 10,441,152</u>	<u>\$ 10,898,748</u>	<u>\$ 10,327,457</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 improvement 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	1.195%	1.195%	1.195%	1.195%	1.195%	1.195%
	0.3%	0.3%	0.3%	0.3%	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>1.80%</u>	<u>1.80%</u>	<u>1.50%</u>	<u>1.50%</u>
\$	6,869,938	\$ 6,610,431	\$ 6,381,313	\$ 6,110,345	\$ 5,417,017	\$ 5,548,478
	66.38%	66.38%	66.47%	68.69%	79.65%	79.67%
	1,725,247	1,660,077	1,589,045	1,225,003	-	-
	16.67%	16.67%	16.55%	13.77%	0.00%	0.00%
	1,725,246	1,660,077	1,602,533	1,534,374	1,360,193	1,392,923
	16.67%	16.67%	16.69%	17.25%	20.00%	20.00%
	28,978	27,884	26,913	25,681	23,752	23,215
	0.28%	0.28%	0.28%	0.29%	0.35%	0.33%
\$	<u>10,349,409</u>	<u>\$ 9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>	<u>\$ 6,800,962</u>	<u>\$ 6,964,616</u>

CITY OF DEFIANCE, OHIO

SCHEDULE 7
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:				
General obligation bonds payable ⁴	\$ 3,910,624	\$ 4,492,196	\$ 3,832,065	\$ 4,270,189
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,662,327	1,777,952	1,890,482	2,000,000
OWDA loans payable	1,398,708	1,515,267	1,631,826	1,748,385
Capital lease obligations	708,903	481,460	196,924	50,487
Business-type activities:				
General obligation bonds payable ⁴	7,368,513	8,892,765	9,807,326	8,240,123
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	32,792,588	28,470,646	27,249,919	28,006,203
OPWC loans payable	2,036,158	2,164,916	2,164,916	2,299,029
Capital lease obligations	139,722	-	-	-
Total primary government	<u>\$ 50,017,543</u>	<u>\$ 47,795,202</u>	<u>\$ 46,773,458</u>	<u>\$ 46,614,416</u>
Debt per capita:				
City population ¹	17,066	16,990	16,634	16,653
Outstanding debt per capita	\$ 2,931	\$ 2,813	\$ 2,812	\$ 2,799
Debt as percentage of personal income:				
Personal income ²	\$ 774,540,410	\$ 713,630,970	\$ 690,976,360	\$ 691,765,620
Percentage of personal income	6.46%	6.70%	6.77%	6.74%
Business-type debt per customer:				
Number of customers ³	6,701	6,650	6,615	6,611
Outstanding debt per customer	\$ 6,318	\$ 5,944	\$ 5,929	\$ 5,830

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.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$	3,089,313	\$ 3,266,437	\$ 3,443,561	\$ 3,620,685	\$ 3,792,809	\$ 3,964,933
	-	-	-	-	13,043	27,729
	-	-	-	-	-	-
	1,864,944	1,981,503	2,098,062	2,214,437	2,220,458	1,112,332
	80,240	109,239	137,503	165,051	-	-
	6,270,992	7,429,523	5,743,854	6,477,095	7,175,337	7,848,578
	-	44,070	53,631	62,672	71,222	79,307
	-	-	2,704,000	3,139,000	3,574,000	2,986,000
	27,048,372	28,469,070	30,198,958	31,533,115	32,532,365	31,610,089
	2,452,740	1,523,808	155,661	217,232	289,420	371,573
	-	-	-	-	-	-
<u>\$</u>	<u>40,806,601</u>	<u>\$ 42,823,650</u>	<u>\$ 44,535,230</u>	<u>\$ 47,429,287</u>	<u>\$ 49,668,654</u>	<u>\$ 48,000,541</u>
	16,705	16,671	16,763	16,862	16,926	17,044
\$	2,443	\$ 2,569	\$ 2,657	\$ 2,813	\$ 2,934	\$ 2,816
\$	659,212,710	\$ 645,567,804	\$ 626,567,414	\$ 629,121,220	\$ 616,614,180	\$ 585,461,400
	6.19%	6.63%	7.11%	7.54%	8.06%	8.20%
	6,593	6,654	6,649	6,635	6,669	6,619
\$	5,426	\$ 5,631	\$ 5,844	\$ 6,244	\$ 6,544	\$ 6,481

CITY OF DEFIANCE, OHIO

SCHEDULE 8
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Population¹	17,066	16,990	16,634	16,653
Assessed value²	\$ 345,331,610	\$ 330,183,710	\$ 328,938,220	\$ 322,565,510
General bonded debt:				
General obligation bonds payable ³	\$ 11,279,137	\$ 13,384,961	\$ 13,639,391	\$ 12,510,312
Ratio of net bonded debt to assessed value	3.27%	4.05%	4.15%	3.88%
Net bonded debt per capita	\$ 661	\$ 788	\$ 820	\$ 751

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.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
16,705	16,671	16,763	16,862	16,926	17,044
\$ 309,257,400	\$ 309,257,400	\$ 320,277,520	\$ 319,027,680	\$ 299,057,480	\$ 300,457,400
\$ 9,360,305	\$ 10,695,960	\$ 9,187,415	\$ 10,097,780	\$ 10,968,146	\$ 11,813,511
3.03%	3.46%	2.87%	3.17%	3.67%	3.93%
\$ 560	\$ 642	\$ 548	\$ 599	\$ 648	\$ 693

CITY OF DEFIANCE, OHIO

SCHEDULE 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021

<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	\$ 5,928,000	100.00%	\$ 5,928,000
Overlapping Debt:			
Defiance County	4,015,000	31.68%	1,271,952
Defiance City School District	20,790,000	82.85%	17,224,515
Ayersville Local School District	12,824,919	21.69%	2,781,725
Four County Career Center Joint Vocational School District	2,100,000	8.51%	178,710
Northeastern Local School District	22,175,000	20.20%	4,479,350
Total overlapping debt	<u>61,904,919</u>		<u>25,936,252</u>
Total direct and overlapping debt	<u>\$ 67,832,919</u>		<u>\$ 31,864,252</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total assessed property value	\$ 345,331,610	\$ 330,183,710	\$ 328,938,220	\$ 322,565,510
Overall legal debt limit (10 1/2 % of assessed valuation)	<u>36,259,819</u>	<u>34,669,290</u>	<u>34,538,513</u>	<u>33,869,379</u>
Debt outstanding:				
General obligation bonds payable ²	11,023,000	13,059,000	13,391,914	12,188,205
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,662,327	1,777,952	1,890,482	2,000,000
Bond anticipation notes	-	-	-	-
OWDA loans payable	34,191,296	29,985,913	28,881,745	29,754,588
OPWC loans payable	<u>2,036,158</u>	<u>2,164,916</u>	<u>2,164,916</u>	<u>2,299,029</u>
Total gross indebtedness	<u>48,912,781</u>	<u>46,987,781</u>	<u>46,329,057</u>	<u>46,241,822</u>
Less ¹ :				
General obligation bonds payable ²	7,185,000	8,647,000	9,584,914	7,945,205
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	34,191,296	29,985,913	28,881,745	29,754,588
OPWC loans payable	<u>2,036,158</u>	<u>2,164,916</u>	<u>2,164,916</u>	<u>2,299,029</u>
Total net debt applicable to debt limit	<u>5,500,327</u>	<u>6,189,952</u>	<u>5,697,482</u>	<u>6,243,000</u>
Add: debt service fund equity	<u>646,386</u>	<u>636,946</u>	<u>621,729</u>	<u>602,796</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 31,405,878</u>	<u>\$ 29,116,284</u>	<u>\$ 29,462,760</u>	<u>\$ 28,229,175</u>
Legal debt margin as a percentage of the debt limit	86.61%	83.98%	85.30%	83.35%
Unvoted debt limit	<u>18,993,239</u>	<u>18,160,104</u>	<u>18,091,602</u>	<u>17,741,103</u>
Unvoted legal debt margin within 5 1/2 % limitation	<u>\$ 18,993,239</u>	<u>\$ 18,160,104</u>	<u>\$ 18,091,602</u>	<u>\$ 17,741,103</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 309,257,400	\$ 309,257,400	\$ 320,277,520	\$ 319,027,680	\$ 299,057,480	\$ 300,457,400
<u>32,472,027</u>	<u>32,472,027</u>	<u>33,629,140</u>	<u>33,497,906</u>	<u>31,401,035</u>	<u>31,548,027</u>
8,963,568	10,224,593	8,860,000	9,725,000	10,550,000	11,350,000
-	44,070	53,631	62,672	84,265	107,036
-	-	-	-	-	-
-	-	2,704,000	3,139,000	3,574,000	2,986,000
28,913,316	30,450,573	32,297,020	33,747,552	34,752,823	31,610,089
2,452,740	1,523,808	155,661	217,232	289,420	371,573
<u>40,329,624</u>	<u>42,243,044</u>	<u>44,070,312</u>	<u>46,891,456</u>	<u>49,250,508</u>	<u>46,424,698</u>
5,903,568	6,989,593	5,450,000	6,140,000	6,795,000	7,425,000
-	44,070	53,631	62,672	84,265	107,036
-	-	2,704,000	3,139,000	3,574,000	2,986,000
28,913,316	30,450,573	32,297,020	33,747,552	34,752,823	31,610,089
2,452,740	1,523,808	155,661	217,232	289,420	371,573
<u>3,060,000</u>	<u>3,235,000</u>	<u>3,410,000</u>	<u>3,585,000</u>	<u>3,755,000</u>	<u>3,925,000</u>
<u>592,151</u>	<u>570,714</u>	<u>565,440</u>	<u>556,615</u>	<u>620,652</u>	<u>765,828</u>
<u>\$ 30,004,178</u>	<u>\$ 29,807,741</u>	<u>\$ 30,784,580</u>	<u>\$ 30,469,521</u>	<u>\$ 28,266,687</u>	<u>\$ 28,388,855</u>
92.40%	91.80%	91.54%	90.96%	90.02%	89.99%
<u>17,009,157</u>	<u>17,009,157</u>	<u>17,615,264</u>	<u>17,546,522</u>	<u>16,448,161</u>	<u>16,525,157</u>
<u>\$ 17,009,157</u>	<u>\$ 17,009,157</u>	<u>\$ 17,615,264</u>	<u>\$ 17,546,522</u>	<u>\$ 16,448,161</u>	<u>\$ 16,525,157</u>
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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OWDA Loans - Sewer System¹				
Gross revenues ²	\$ 7,276,937	\$ 7,240,951	\$ 7,531,248	\$ 7,396,693
Direct operating expenses ³	<u>3,012,122</u>	<u>3,387,604</u>	<u>3,811,476</u>	<u>3,724,229</u>
Net revenue available for debt service	4,264,815	3,853,347	3,719,772	3,672,464
Annual debt service requirement ⁴	1,984,111	2,277,403	2,607,941	2,383,430
Coverage	2.15	1.69	1.43	1.54
OWDA Loans - Water Reservoir				
Gross revenues ²	\$ 7,050,232	\$ 6,540,811	\$ 5,930,476	\$ 5,642,065
Direct operating expenses ³	<u>3,323,945</u>	<u>4,081,762</u>	<u>4,230,353</u>	<u>4,148,073</u>
Net revenue available for debt service	3,726,287	2,459,049	1,700,123	1,493,992
Annual debt service requirement ⁴	433,855	433,656	433,466	433,283
Coverage	8.59	5.67	3.92	3.45

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.

	2017	2016	2015	2014	2013	2012
\$	7,380,647	\$ 7,091,386	\$ 7,091,366	\$ 6,895,460	\$ 6,270,952	\$ 6,437,330
	3,779,418	3,274,574	3,128,395	2,820,670	3,035,848	3,664,100
	<u>3,601,229</u>	<u>3,816,812</u>	<u>3,962,971</u>	<u>4,074,790</u>	<u>3,235,104</u>	<u>2,773,230</u>
	2,376,078	2,342,678	2,388,868	2,321,512	2,087,309	2,905,438
	1.52	1.63	1.66	1.76	1.55	0.95
\$	5,626,240	\$ 5,957,319	\$ 5,957,063	\$ 5,843,398	\$ 6,030,551	\$ 6,045,464
	4,205,112	3,729,053	3,484,253	3,061,255	3,712,770	3,328,556
	<u>1,421,128</u>	<u>2,228,266</u>	<u>2,472,810</u>	<u>2,782,143</u>	<u>2,317,781</u>	<u>2,716,908</u>
	433,107	432,939	438,506	438,506	438,505	438,506
	3.28	5.15	5.64	6.34	5.29	6.20

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
2021	17,066	\$ 774,540,410	\$ 45,385	2,329	3.1%	4.0%	4.5%
2020	16,990	713,630,970	42,003	2,620	8.2%	8.1%	8.1%
2019	16,634	690,976,360	41,540	2,649	4.2%	4.1%	3.7%
2018	16,653	691,765,620	41,540	2,730	4.4%	4.6%	3.9%
2017	16,705	659,212,710	39,462	2,714	4.3%	4.9%	4.1%
2016	16,671	645,567,804	38,724	2,723	4.8%	4.9%	4.9%
2015	16,763	626,567,414	37,378	2,607	4.3%	4.6%	5.6%
2014	16,862	629,121,220	37,310	2,650	5.4%	5.7%	6.2%
2013	16,926	616,614,180	36,430	2,723	7.2%	7.4%	7.4%
2012	17,044	585,461,400	34,350	2,657	7.4%	7.4%	8.1%

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

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

Employer	Tax Year 2020		
	Employees¹	Rank	Percentage of Total City Employment
Johns Manville Corporation (MFG)	714	1	3.48%
Wal Mart (RETAIL)	595	2	2.90%
Defiance City Schools	507	3	2.47%
Bon Secours Mercy Health	461	4	2.25%
Mayville Engineering Company - MEC (MFG)	421	5	2.05%
Defiance College	417	6	2.03%
Defiance County	395	7	1.93%
Defiance Regional Medical Center	387	8	1.89%
Meijer (RETAIL)	378	9	1.84%
B&B Molded Plastics (MFG)	343	10	1.67%
	4,618		22.51%
Total Employment Within the City	20,495		

Employer	Tax Year 2011		
	Employees¹	Rank	Percentage of Total City Employment
Defiance College	783	1	4.19%
Johns Manville Corporation (MFG)	757	2	4.05%
General Motors Company (MFG) ²	553	3	2.96%
Defiance City Schools	507	4	2.71%
Defiance Metal Products (MFG)	440	5	2.35%
Defiance Regional Medical Center	377	6	2.02%
Wal Mart (RETAIL)	364	7	1.95%
Defiance County	349	8	1.87%
Fauster-Cameron (HLTH)	324	9	1.73%
Meijer (RETAIL)	274	10	1.46%
	4,728		25.29%
Total Employment Within the City	18,707		

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 2020 and tax year 2011 is the most current information covering a ten-year period available as of December 31, 2021.

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	13.9	14.0	13.8	14.0	13.5	13.3	12.9	13.0	12.5	13.5
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	4.7	4.8	4.8	4.8	4.8	4.9	4.3	3.8	3.8	3.7
Law	3.0	3.0	3.0	3.0	3.4	3.5	3.5	3.4	3.0	3.3
Civil Service*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Income Tax	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Buildings and Land	2.6	2.2	2.6	2.5	2.2	2.1	1.9	1.6	1.6	1.6
Engineer	8.0	7.9	8.6	9.2	9.1	6.9	5.4	6.6	5.7	6.5
	<u>41.2</u>	<u>40.9</u>	<u>41.8</u>	<u>42.5</u>	<u>42.0</u>	<u>39.6</u>	<u>37.0</u>	<u>37.4</u>	<u>35.6</u>	<u>37.6</u>
Security of Persons and Property:										
Police	35.6	34.7	36.8	34.7	33.4	33.9	33.2	34.1	31.3	31.1
Fire	40.1	43.0	48.5	38.9	37.7	38.4	37.8	35.2	29.7	28.7
	<u>75.7</u>	<u>77.7</u>	<u>85.3</u>	<u>73.6</u>	<u>71.1</u>	<u>72.3</u>	<u>71.0</u>	<u>69.3</u>	<u>61.0</u>	<u>59.8</u>
Leisure Time Activities:										
Parks and Recreation	7.6	5.4	8.0	7.9	7.2	8.3	7.1	7.9	7.7	7.8
Cemetery	4.9	3.6	4.8	5.0	4.2	4.4	4.4	4.2	3.8	3.0
Cultural/Historian*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	<u>13.0</u>	<u>9.5</u>	<u>13.3</u>	<u>13.4</u>	<u>11.9</u>	<u>13.1</u>	<u>12.0</u>	<u>12.6</u>	<u>12.0</u>	<u>11.3</u>
Community Development:										
Building Inspections	1.7	1.6	1.6	2.2	2.0	2.3	1.8	1.9	2.5	2.1
Transportation:										
Streets	10.2	10.2	10.5	10.6	10.2	10.3	10.8	11.6	9.6	10.1
Utility Services:										
Utility Billing	6.0	6.0	6.0	6.0	6.0	5.8	6.1	6.4	6.8	6.1
Water Treatment/Distribution	20.7	19.0	20.0	19.9	20.1	19.8	19.9	21.5	19.7	20.1
Wastewater Treatment/Collection	18.7	18.1	20.2	19.6	19.9	20.0	18.5	20.3	18.0	18.3
	<u>45.4</u>	<u>43.1</u>	<u>46.2</u>	<u>45.5</u>	<u>46.0</u>	<u>45.6</u>	<u>44.5</u>	<u>48.2</u>	<u>44.5</u>	<u>44.5</u>
Total	<u><u>187.2</u></u>	<u><u>183.0</u></u>	<u><u>198.7</u></u>	<u><u>187.8</u></u>	<u><u>183.2</u></u>	<u><u>183.2</u></u>	<u><u>177.1</u></u>	<u><u>181.0</u></u>	<u><u>165.2</u></u>	<u><u>165.3</u></u>

* 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	2021	2020	2019	2018
General Government:				
General fund beginning balance (cash)	\$4,467,786	\$3,177,167	\$3,546,284	\$3,699,172
General fund revenues (cash)	11,665,865	11,079,000	10,803,107	12,298,444
General fund expenditures (cash)	10,665,981	9,788,381	11,172,224	12,451,332
General fund ending balance (cash)	<u>\$5,467,670</u>	<u>\$4,467,786</u>	<u>\$3,177,167</u>	<u>\$3,546,284</u>
Municipal Court:				
Cases heard and closed	7,013	6,431	9,047	9,782
Police:				
Total calls for services	27,007	16,678	20,486	17,934
Traffic violations	906	778	1,249	1,428
Motor vehicle accidents	705	603	769	789
Criminal arrests	1,006	1,054	1,045	1,110
Fire/Emergency Medical Services:				
Fire calls	580	88	508	565
EMS calls	2,539	2,335	2,111	2,268
Fire safety inspections	1,219	844	1,062	1,176
Building Inspections:				
Construction permits issued	196	1,116	1,029	970
Estimated value of construction	\$10,540,557	\$10,032,134	\$7,859,091	\$6,817,870
Recreation:				
Swimming pool memberships ⁽¹⁾	0	0	34	35
Shelter house rentals	70	26	62	61
Streets:				
Salt usage (tons)	801	819	706	814
Cost of salt purchased	\$57,569	\$59,641	\$59,113	\$54,697
Water:				
Water customers	6,701	6,653	6,615	6,611
Water main breaks repaired	23	38	10	31
Water Pollution Control:				
Sewer lines cleaned/repared (ft.)	61,947	6,525	59,178	65,189
Sewer customers	6,552	52,667	6,484	6,483

Sources: Various City of Defiance Divisions.

⁽¹⁾ Swimming pool was closed during 2020 and 2021 due to COVID-19.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$3,041,951	\$2,305,035	\$1,929,849	\$1,159,602	\$1,239,095	\$1,376,242
10,394,316	9,881,035	9,740,976	9,491,539	8,709,434	8,831,048
9,737,095	9,144,119	9,365,790	8,721,292	8,788,927	8,968,195
<u>\$3,699,172</u>	<u>\$3,041,951</u>	<u>\$2,305,035</u>	<u>\$1,929,849</u>	<u>\$1,159,602</u>	<u>\$1,239,095</u>
10,749	9,191	9,163	9,761	9,832	9,688
20,434	17,517	16,964	18,203	18,353	21,030
1,509	1,349	1,236	1,571	1,983	1,485
832	830	896	909	805	846
1,417	1,132	1,322	1,596	2,045	2,031
487	410	437	415	603	629
2,356	2,088	2,189	1,841	1,439	1,477
1,078	1,361	1,409	1,019	1,142	1,296
1,070	1,151	998	897	925	1,007
\$8,003,585	\$8,078,849	\$5,035,057	\$5,649,615	\$5,902,162	\$6,253,697
68	52	38	51	50	55
59	51	55	61	45	57
481	957	491	1,021	918	706
\$31,818	\$73,628	\$45,376	\$55,316	\$42,371	\$47,986
6,593	6,654	6,649	6,635	6,669	6,619
23	18	30	32	50	0
68,220	85,143	70,100	84,500	76,000	86,440
6,466	6,513	6,492	6,495	6,523	6,422

CITY OF DEFIANCE, OHIO

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

Function/Program	2021	2020	2019	2018
Police:				
Stations	1	1	1	1
Vehicles	18	17	16	15
Fire/EMS:				
Stations	1	1	2	1
Vehicles - Fire	8	8	9	9
Vehicles - EMS	3	3	3	5
Parks and Recreation:				
Parks	10	10	9	8
Pools	1	1	1	1
Splash Pads	1	1	1	1
Tennis courts	6	8	8	8
Pickleball courts	3	0	0	0
Sand volleyball courts	2	2	2	2
Basketball courts	5	5	5	4
Ball fields	13	13	13	12
Park shelter houses	15	15	14	13
Streets:				
Streets (miles)	131.3	131.3	130.3	128.64
Vehicles	16	16	17	18
Water:				
Water lines (miles)	184.82	184.82	184.82	184.82
Towers	2	2	2	2
Tower capacity	2.0 mg	2.0 mg	2.0 mg	2.0 mg
Reservoir capacity	350 mg	350 mg	350 mg	350 mg

Sources: Various City of Defiance Divisions.

2017	2016	2015	2014	2013	2012
1	1	1	1	1	1
14	13	13	13	13	12
1	1	1	1	1	1
9	9	9	9	10	9
3	3	3	3	3	3
8	8	8	8	1	8
1	1	1	1	1	1
0	0	0	0	0	0
8	8	8	8	8	8
0	0	0	0	0	0
2	2	2	2	2	2
4	4	4	4	4	4
12	12	13	14	14	14
13	13	13	13	13	13
128.50	128.50	127.80	122.80	142.00	142.00
18	18	18	17	18	18
184.82	156.40	151.80	151.80	151.80	126.37
2	3	3	3	3	3
2.0 mg	1.6 mg	1.6 mg	1.6 mg	1.6 mg	1.6 mg
350 mg	350 mg	350 mg	350 mg	350 mg	350 mg

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 7/12/2022

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

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www.ohioauditor.gov