





CITY OF DEFIANCE  
DEFIANCE COUNTY  
DECEMBER 31, 2022

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CITY OF DEFIANCE  
DEFIANCE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Development Services Agency</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-E-21-2BD-1	\$ 400,000
Total U.S. Department of Housing and Urban Development			<u>400,000</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Assistance</i>			
Bulletproof Vest Partnership Program	16.607	2022	3,816
Total U.S. Department of Justice			<u>3,816</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	PID #103689	637,747
Total U.S. Department of Transportation			<u>637,747</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Emergency Management Agency</i>			
Hazard Mitigation Grant	97.039	FEMA-DR-4360.03R-OH	126,981
Hazard Mitigation Grant	97.039	FEMA-DR-4360.08R-OH	55,683
Total U.S. Department of Homeland Security			<u>182,664</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,224,227</u></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, 2022**

**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, 2022. 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, 2022 is \$794,791.

**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.

**NOTE F – COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**

For the year ended December 31, 2021, the City expended \$150,000 for the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii grant, AL #14.228 that was inadvertently not included on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2021.

# OHIO AUDITOR OF STATE KEITH FABER



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

## 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (the City) as of and for the year ended December 31, 2022, 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 28, 2023, wherein we noted the City restated opening balances to correctly report the balance of the Local Coronavirus Relief Fund.

### ***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 purpose 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 28, 2023



# 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, 2022. 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, 2022.

#### *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, 2022, 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 28, 2023. Our Opinion noted the City restated opening balances to correctly report the balance of the Local Coronavirus Relief Fund. 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 28, 2023

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**CITY OF DEFIANCE  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2022**

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

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

**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, 2022

**CITY OF DEFIANCE, OHIO**  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2022

KIMBERLY SPRAGUE  
FINANCE DIRECTOR

PREPARED BY THE CITY FINANCE DEPARTMENT





## INTRODUCTORY SECTION

**CITY OF DEFIANCE, OHIO**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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June 28, 2023

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, 2022. 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, 2022, 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, 2022, 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 2022, 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 11.1% over 2021, 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 2022, and county-wide sales tax revenues increased, as well. Unemployment rates in Defiance County averaged 3.1% in 2022. 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 \$900,000 in 2022 to \$6.36 million, a 16.41% 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 2023, which is strong, but represents a cooling off the previous year's growth. The City expects to receive additional federal stimulus funding in 2023, 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 issued a modest amount of new debt in 2022 to complete the aforementioned capital infrastructure related to ongoing economic development efforts.

## **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, 2021. 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.

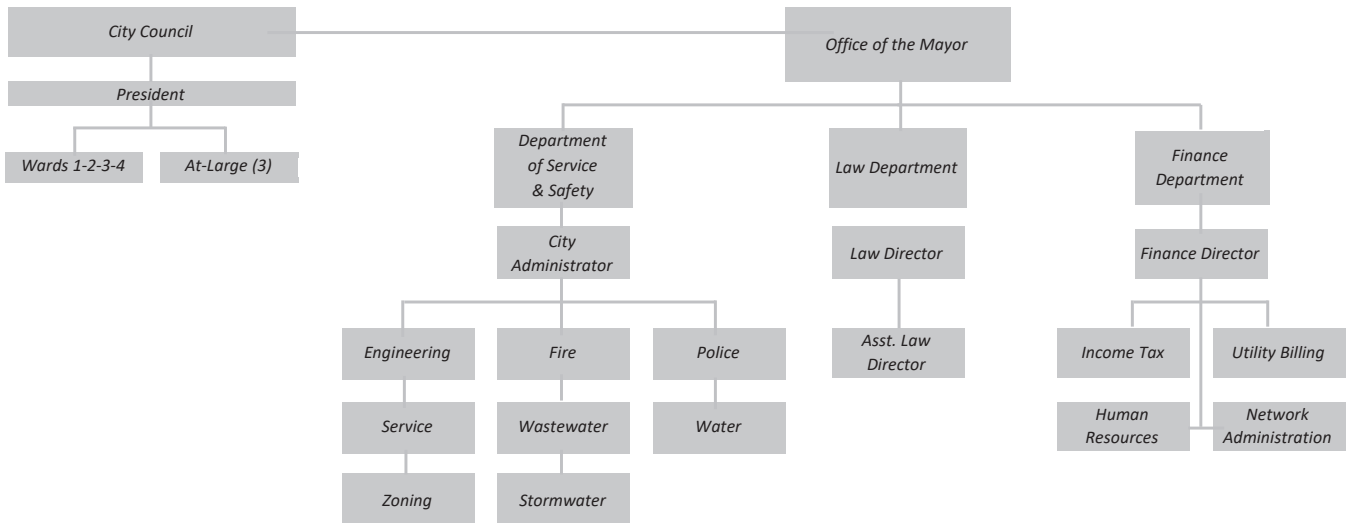
I would like to express my appreciation to the employees of the Defiance Finance Department for their hard work and professionalism. The successful preparation of this document would not be possible without their efforts. I would also like to thank the Mayor and Members of City Council for their ongoing 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 cursive script that reads "Kimberly Sprague".

Kimberly D. Sprague  
Finance Director

CITY OF DEFIANCE, OHIO  
ORGANIZATIONAL CHART



**CITY OF DEFIANCE, OHIO**  
LIST OF ELECTED AND APPOINTED OFFICIALS  
AS OF DECEMBER 31, 2022

Elected Officials

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

Appointed Officials

City Administrator	Ryan Mack
Law Director	Sean O'Donnell
Finance Director	Kimberly, Sprague
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, 2021

*Christopher P. Morrill*

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 (the City), as of and for the year ended December 31, 2022, 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, 2022, 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 3 to the financial statements, during 2022, the City restated opening balances to correctly report the balance of the Local Coronavirus Relief Fund as unearned revenue. 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 28, 2023, 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 28, 2023

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (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, 2022. 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 2022 are as follows:

- The City's total net position increased \$6,693,198. Net position of governmental activities increased \$2,719,541 from 2021's restated net position, and net position of business-type activities increased \$3,973,657 from 2021's net position.
- General revenues accounted for \$14,855,986, or 76.27% of total governmental activities revenue. Program specific revenues accounted for \$4,623,085 or 23.73% of total governmental activities revenue.
- The City had \$16,775,019 in expenses related to governmental activities; \$4,623,085 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 \$14,855,986.
- 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 \$11,353,076 in 2022, while the expenditures and other financing uses totaled \$11,050,715. The net increase in fund balance for the general fund was \$302,361.
- The police and fire fund had revenues and other financing sources in the amount of \$6,554,490 in 2022, and expenditures totaling \$6,916,352. The net decrease in fund balance for the police and fire fund was \$361,862.
- The capital improvement fund had revenues and other financing sources of \$5,101,527 and expenditures of \$2,804,384 in 2022. The net increase in fund balance for the capital improvement fund was \$2,297,143.
- Net position for the business-type activities, which is made up of the sewer, water, refuse, and utility deposit enterprise funds, increased in 2022 by \$3,973,657. 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 \$1,288,712 more than the amounts reported in the final budget and other financing sources, and actual expenditures and other financing uses were \$297,440 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 \$568,950 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, 2022 (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 2022?" 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, 2022  
(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, 2022  
(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, 2022 and 2021. Governmental activities net position at December 31, 2021 has been restated as described in Note 3.

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<b><u>Assets</u></b>						
Current and other assets	\$ 20,789,972	\$ 17,925,054	\$ 10,214,102	\$ 9,367,314	\$ 31,004,074	\$ 27,292,368
Capital assets, net	35,467,532	35,217,619	91,767,504	90,037,562	127,235,036	125,255,181
Total assets	56,257,504	53,142,673	101,981,606	99,404,876	158,239,110	152,547,549
<b><u>Deferred outflows of resources</u></b>						
Unamortized deferred charges	14,815	16,476	33,307	50,345	48,122	66,821
Pension	4,616,227	2,942,396	799,120	970,767	5,415,347	3,913,163
OPEB	1,047,319	1,350,375	177,553	572,409	1,224,872	1,922,784
Total deferred outflows of resources	5,678,361	4,309,247	1,009,980	1,593,521	6,688,341	5,902,768
<b><u>Liabilities</u></b>						
Current liabilities	2,574,511	2,419,505	656,645	2,623,008	3,231,156	5,042,513
Long-term liabilities:						
Due within one year	1,509,341	1,410,330	3,785,013	3,653,966	5,294,354	5,064,296
Net pension liability	11,754,578	13,913,280	1,215,425	2,034,089	12,970,003	15,947,369
Net OPEB liability	1,737,783	1,698,799	-	-	1,737,783	1,698,799
Other amounts	8,449,362	7,263,767	40,081,317	38,921,810	48,530,679	46,185,577
Total liabilities	26,025,575	26,705,681	45,738,400	47,232,873	71,763,975	73,938,554
<b><u>Deferred inflows of resources</u></b>						
Property taxes	833,300	832,220	-	-	833,300	832,220
Pension	6,234,711	3,280,876	1,735,180	1,609,662	7,969,891	4,890,538
OPEB	1,438,013	1,948,418	659,991	1,271,504	2,098,004	3,219,922
Total deferred inflows of resources	8,506,024	6,061,514	2,395,171	2,881,166	10,901,195	8,942,680
<b><u>Net position</u></b>						
Net investment in capital assets	29,685,536	28,418,498	48,811,785	45,930,518	78,497,321	74,349,016
Restricted	6,570,157	4,338,702	-	-	6,570,157	4,338,702
Unrestricted (deficit)	(8,851,427)	(8,072,475)	6,046,230	4,953,840	(2,805,197)	(3,118,635)
Total net position	\$ 27,404,266	\$ 24,684,725	\$ 54,858,015	\$ 50,884,358	\$ 82,262,281	\$ 75,569,083

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, 2022  
(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, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$82,262,281. At December 31, 2021, net position was \$27,404,266 and \$54,858,015 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, 2022  
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At December 31, 2022, capital assets represented 80.41% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, leased equipment, leased vehicles, and infrastructure. Capital assets of the governmental activities equaled 63.04% of total assets, while capital assets of the business-type activities represented 89.98% of total assets. The net investment in capital assets at December 31, 2022 was \$29,685,536 and \$48,811,785 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, \$6,570,157, 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, 2022  
(UNAUDITED)

The table below shows the changes in net position for 2022 and 2021. Governmental activities net position at December 31, 2021 has been restated as described in Note 3.

	<b>Change in Net Position</b>					
	Governmental	Business-type	Restated			Restated
	Activities	Activities	Governmental	Business-type		2021
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
					<u>Total</u>	<u>Total</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services and sales	\$ 1,990,086	\$ 15,648,867	\$ 1,947,191	\$ 15,222,375	\$ 17,638,953	\$ 17,169,566
Operating grants and contributions	2,030,177	-	1,702,822	-	2,030,177	1,702,822
Capital grants and contributions	602,822	425,233	2,657,075	236,976	1,028,055	2,894,051
Total program revenues	<u>4,623,085</u>	<u>16,074,100</u>	<u>6,307,088</u>	<u>15,459,351</u>	<u>20,697,185</u>	<u>21,766,439</u>
General revenues:						
Property taxes	1,256,642	-	1,123,064	-	1,256,642	1,123,064
Income taxes	13,089,306	-	12,081,854	-	13,089,306	12,081,854
Unrestricted grants and entitlements	578,610	-	549,519	-	578,610	549,519
Investment earnings	88,397	66,898	95,488	65,369	155,295	160,857
Change in fair value of investments	(644,596)	-	(136,544)	-	(644,596)	(136,544)
Miscellaneous	487,627	33,993	515,946	16,609	521,620	532,555
Total general revenues	<u>14,855,986</u>	<u>100,891</u>	<u>14,229,327</u>	<u>81,978</u>	<u>14,956,877</u>	<u>14,311,305</u>
Total revenues	<u>19,479,071</u>	<u>16,174,991</u>	<u>20,536,415</u>	<u>15,541,329</u>	<u>35,654,062</u>	<u>36,077,744</u>
<b>Expenses:</b>						
General government	3,733,337	-	2,854,016	-	3,733,337	2,854,016
Security of persons and property	7,996,746	-	7,931,038	-	7,996,746	7,931,038
Public health and welfare	552,739	-	572,295	-	552,739	572,295
Transportation	2,400,745	-	2,019,417	-	2,400,745	2,019,417
Community environment	610,028	-	145,713	-	610,028	145,713
Leisure time activity	1,026,458	-	587,693	-	1,026,458	587,693
Economic development	233,792	-	173,360	-	233,792	173,360
Interest and fiscal charges	221,174	-	140,158	-	221,174	140,158
Water	-	5,355,292	-	4,625,428	5,355,292	4,625,428
Sewer	-	5,756,541	-	5,409,481	5,756,541	5,409,481
Other business-type activities	-	1,074,012	-	1,016,865	1,074,012	1,016,865
Total expenses	<u>16,775,019</u>	<u>12,185,845</u>	<u>14,423,690</u>	<u>11,051,774</u>	<u>28,960,864</u>	<u>25,475,464</u>
Change in net position before transfers	<u>2,704,052</u>	<u>3,989,146</u>	<u>6,112,725</u>	<u>4,489,555</u>	<u>6,693,198</u>	<u>10,602,280</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>2,719,541</u>	<u>3,973,657</u>	<u>6,128,214</u>	<u>4,474,066</u>	<u>6,693,198</u>	<u>10,602,280</u>
Net position, beginning of year (restated)	<u>24,684,725</u>	<u>50,884,358</u>	<u>18,556,511</u>	<u>46,410,292</u>	<u>75,569,083</u>	<u>64,966,803</u>
Net position, end of year	<u>\$ 27,404,266</u>	<u>\$ 54,858,015</u>	<u>\$ 24,684,725</u>	<u>\$ 50,884,358</u>	<u>\$ 82,262,281</u>	<u>\$ 75,569,083</u>

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

**Governmental Activities**

Governmental activities net position increased \$2,719,541.

Expenses of the governmental activities increased \$2,351,329. This increase is primarily the result of the increase in general government, transportation, community environment, and leisure time activities expenditures.

During 2022, the City’s income tax revenue increased \$1,007,452 over 2021’s. This increase is the result of taxpayers’ increasing employment in 2022 from 2020’s COVID-19 pandemic.

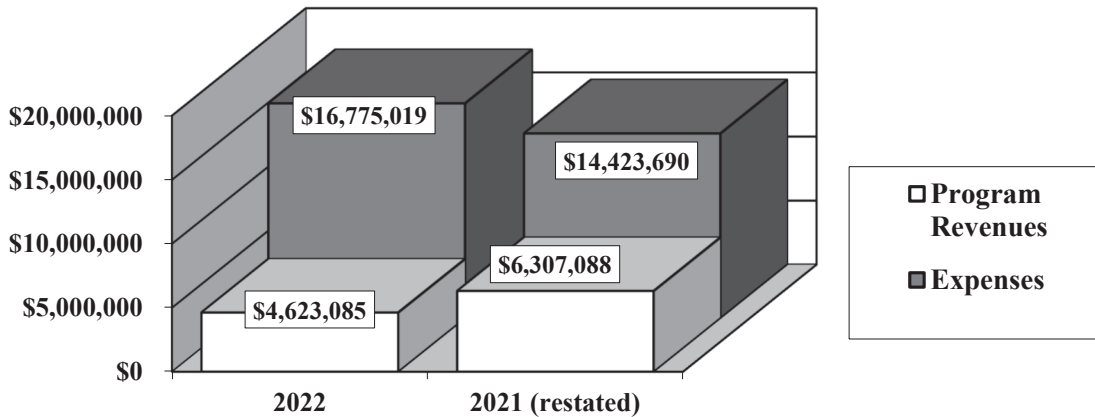
Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$7,996,746 of the total expenses of the City. These expenses were partially funded by \$1,225,618 in direct charges to users of the services, and \$284,150 in operating grants and contributions. Transportation expenses totaled \$2,400,745 in 2022. Transportation expenses were partially funded by \$1,257,903 in operating grants and contributions and \$51,067 in capital grants and contributions.

The State and federal government contributed to the City a total of \$2,030,177 in operating grants and contributions and \$602,822 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$14,855,986 and amounted to 76.27% of total governmental activities revenue. These revenues primarily consist of property and income tax revenue totaling \$14,345,948. 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 \$578,610.

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 2022 and 2021. 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**

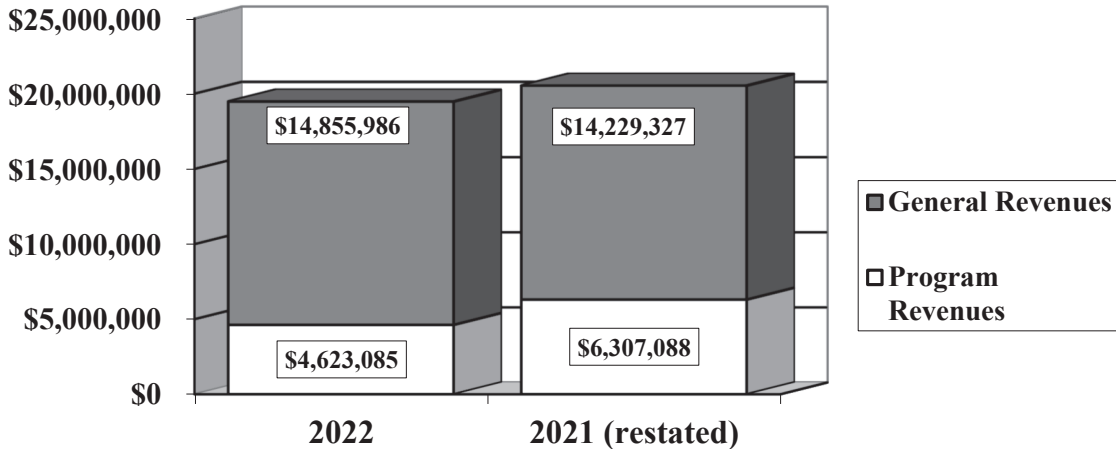
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

**Governmental Activities**

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Restated Net Cost of Services <u>2021</u>
<b>Program Expenses:</b>				
General government	\$ 3,733,337	\$ 2,787,879	\$ 2,854,016	\$ 1,164,439
Security of persons and property	7,996,746	6,486,978	7,931,038	6,341,423
Public health and welfare	552,739	270,949	572,295	(13,555)
Transportation	2,400,745	1,091,775	2,019,417	(217,093)
Community environment	610,028	499,287	145,713	35,943
Leisure time activity	1,026,458	981,910	587,693	552,927
Economic development	233,792	(188,018)	173,360	112,360
Interest and fiscal charges	<u>221,174</u>	<u>221,174</u>	<u>140,158</u>	<u>140,158</u>
<b>Total</b>	<u>\$ 16,775,019</u>	<u>\$ 12,151,934</u>	<u>\$ 14,423,690</u>	<u>\$ 8,116,602</u>

The dependence upon general revenues for governmental activities is apparent, with 72.44% of expenses supported through taxes and other general revenues.

**Governmental Activities - General and Program Revenues**



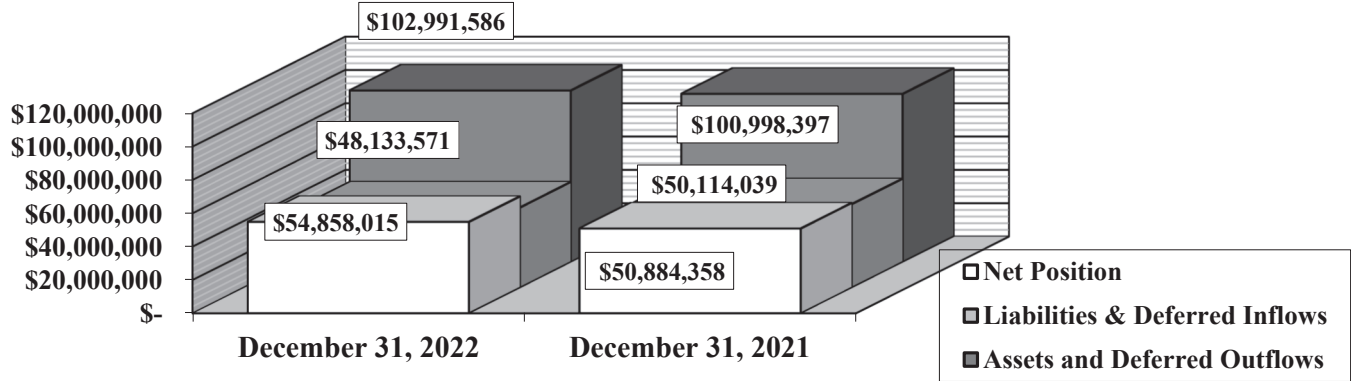
**Business-type Activities**

Business-type activities include the sewer, water, refuse, and utility deposit enterprise funds. These programs had program revenues of \$16,074,100, general revenues of \$100,891, expenses of \$12,185,845, and \$15,489 in transfers out in 2022. Business-type activities net position increased \$3,973,657, primarily due to program revenues in the sewer and water fund continuing to outpace their expenditures and changes made to the pension and OPEB liability calculations on a statewide level in 2021. 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, 2022 and December 31, 2021, respectively.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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 \$15,571,654, which is a \$2,617,841 increase from last year's restated fund balance total of \$12,953,813. The table below indicates the fund balances and the total change in fund balances as of December 31, 2022 and December 31, 2021 for all major and nonmajor governmental funds. Governmental fund balances at December 31, 2021 have been restated as described in Note 3.

	Fund Balances <u>December 31, 2022</u>	Restated Fund Balances <u>December 31, 2021</u>	Increase (Decrease)
Major funds:			
General	\$ 6,968,673	\$ 6,666,312	\$ 302,361
Police and fire	106,599	468,461	(361,862)
Capital improvement	3,376,671	1,079,528	2,297,143
Nonmajor governmental funds	<u>5,119,711</u>	<u>4,739,512</u>	<u>380,199</u>
 Total	 <u>\$ 15,571,654</u>	 <u>\$ 12,953,813</u>	 <u>\$ 2,617,841</u>

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

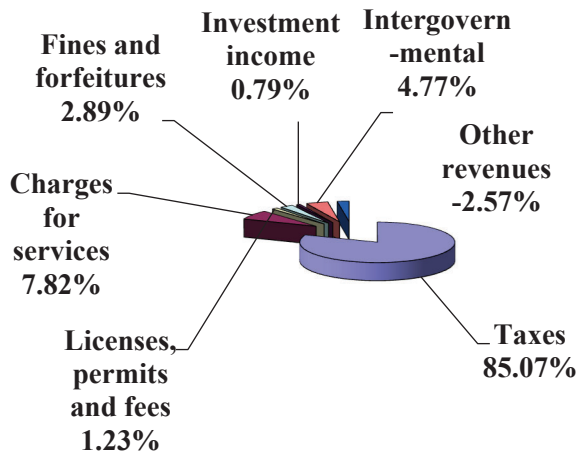
**General Fund**

The City's general fund balance increased \$302,361. The table that follows assists in illustrating the revenues of the general fund for 2022 and 2021.

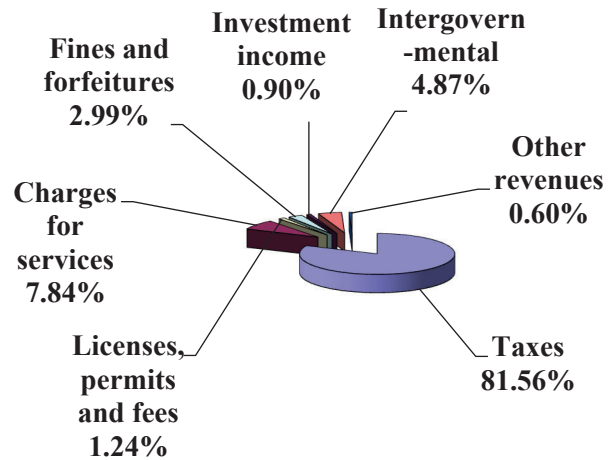
	2022 <u>Amount</u>	2021 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues</b>				
Taxes	\$ 9,540,939	\$ 8,636,753	\$ 904,186	10.47 %
Charges for services	877,266	830,085	47,181	5.68 %
Licenses, permits and fees	137,507	131,005	6,502	4.96 %
Fines and forfeitures	323,703	316,319	7,384	2.33 %
Investment income	89,005	95,029	(6,024)	(6.34) %
Intergovernmental	534,782	515,619	19,163	3.72 %
Other	<u>(287,801)</u>	<u>63,377</u>	<u>(351,178)</u>	(554.11) %
Total	<u>\$ 11,215,401</u>	<u>\$ 10,588,187</u>	<u>\$ 627,214</u>	5.92 %

Overall revenues of the general fund increased \$627,214 or 5.92%. Tax revenue increased \$904,186 or 10.47% primarily due to increases in income tax collected in 2022. Charges for services increased \$47,181 or 5.68% due to greater revenue from EMS runs. Licenses, permits, and fees increased 4.96% due to increased City permit requests during 2022. Fines and forfeitures increased \$7,384, primarily due to increased criminal and civil fines during 2022. Investment income decreased \$6,024 or 6.34% primarily due to lower interest rates on City investments during 2022. Other revenue decreased 554.11% due primarily to a decrease in the fair value of investments during 2022.

**Revenues - 2022**



**Revenues - 2021**



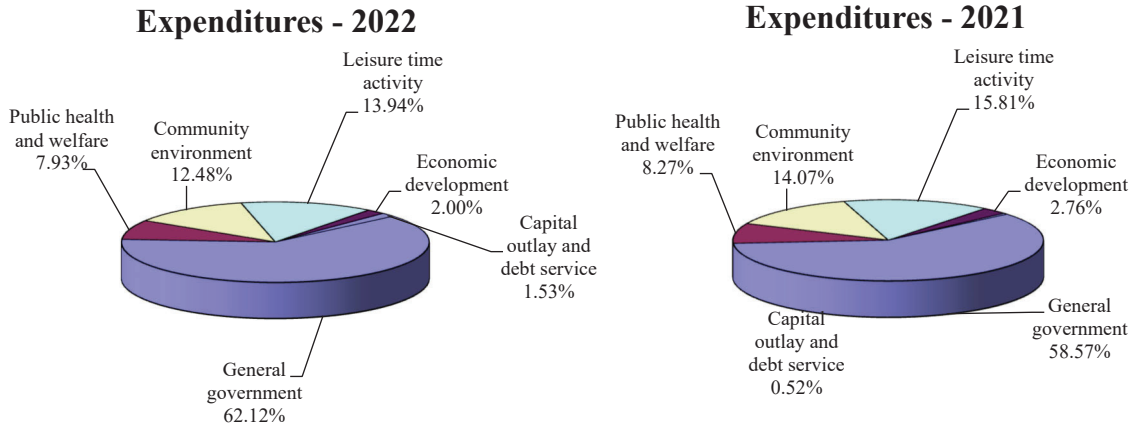
**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

The table that follows assists in illustrating the expenditures of the general fund for 2022 and 2021.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>				
General government	\$ 3,632,217	\$ 2,834,330	\$ 797,887	28.15 %
Public health and welfare	463,364	400,149	63,215	15.80 %
Community environment	729,741	680,874	48,867	7.18 %
Leisure time activity	815,009	764,801	50,208	6.56 %
Economic development	117,149	133,673	(16,524)	(12.36) %
Capital outlay	74,483	20,232	54,251	268.14 %
Debt service	14,733	4,748	9,985	210.30 %
<b>Total</b>	<u>\$ 5,846,696</u>	<u>\$ 4,838,807</u>	<u>\$ 1,007,889</u>	20.83 %

Overall expenditures of the general fund increased \$1,007,889 or 20.83%. General government expenditures increased \$797,887 or 28.15%, primarily due to increases in expenses in the finance and income tax departments. Leisure time activities increased by \$50,208, primarily due to increases in the Parks and Recreation department as activity is increasing after COVID-19. Capital outlay and debt service expenditures of \$89,216 were for leases that began in 2022.



***Police and Fire Fund***

The police and fire fund had revenues and other financing sources in the amount of \$6,554,490 in 2022, and expenditures totaling \$6,916,352. The net decrease in fund balance for the police and fire fund was \$361,862.

***Capital Improvement Fund***

The capital improvement fund had revenues and other financing sources of \$5,101,527 and expenditures of \$2,804,384 in 2022. The net increase in fund balance for the capital improvement fund was \$2,297,143.



**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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 came in \$1,288,712 more than the amounts reported in the final budget and other financing sources, and actual expenditures and other financing uses were \$297,440 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 \$568,950 from the original to the final budget.

***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, 2022, the City had \$127,235,036 (net of accumulated depreciation/amortization) invested in land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure, and intangible right to use vehicles and equipment. Of this total, \$35,467,532 was reported in governmental activities and \$91,767,504 was reported in business-type activities. The following table shows December 31, 2022 balances compared to December 31, 2021.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 2,042,449	\$ 1,981,311	\$ 662,207	\$ 662,207	\$ 2,704,656	\$ 2,643,518
Construction in progress	4,567,860	4,260,206	13,443,048	9,280,116	18,010,908	13,540,322
Land improvements	-	-	216,433	244,090	216,433	244,090
Buildings and improvements	5,343,513	5,655,540	12,108,185	12,785,261	17,451,698	18,440,801
IOTB	2,790,826	2,958,624	-	-	2,790,826	2,958,624
Equipment	1,519,545	1,438,436	3,216,945	3,315,446	4,736,490	4,753,882
Vehicles	1,376,121	1,626,088	392,170	504,684	1,768,291	2,130,772
Infrastructure	17,179,262	16,720,714	61,519,786	63,099,640	78,699,048	79,820,354
Intangible right to use assets:						
Leased equipment	571,947	458,534	-	-	571,947	458,534
Leased vehicles	<u>76,009</u>	<u>118,166</u>	<u>208,730</u>	<u>146,118</u>	<u>284,739</u>	<u>264,284</u>
Totals	<u>\$ 35,467,532</u>	<u>\$ 35,217,619</u>	<u>\$ 91,767,504</u>	<u>\$ 90,037,562</u>	<u>\$ 127,235,036</u>	<u>\$ 125,255,181</u>

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 48.44% of the City's total governmental activities capital assets at December 31, 2022.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

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 67.04% of the City’s total business-type activities capital assets at December 31, 2022.

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

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2022 and December 31, 2021.

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 5,421,000	\$ 3,838,000
Land acquisition bonds	1,543,523	1,662,327
OWDA loans	1,282,149	1,398,708
Financed purchase agreement obligations	319,610	427,555
Leases payable	356,706	281,348
Net pension liability	11,754,578	13,913,280
Net OPEB liability	1,737,783	1,698,799
Compensated absences	934,929	993,535
Total long-term obligations	<u>\$ 23,350,278</u>	<u>\$ 24,213,552</u>
	<u>Business-type Activities</u>	
	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 7,574,000	\$ 7,185,000
Leases payable	176,276	139,722
OWDA loans	33,825,946	32,792,588
OPWC loans	1,912,754	2,036,158
Net pension liability	1,215,425	2,034,089
Compensated absences	224,707	238,795
Total long-term obligations	<u>\$ 44,929,108</u>	<u>\$ 44,426,352</u>

See Note 11 for additional detail on the City’s debt administration.

**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 2023 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 2022 were near all-time highs. However, budget preparation for 2023 proceeded conservatively, as in years past, in acknowledgment of the one-time “windfall” nature of stimulus funds.
- Income tax cash revenues were \$1,344,553 or 11.18% higher than in 2021. Employee withholding increased 6.59%; corporate filings were up 34.23% and individual filings were down 1.29%.
- The local unemployment rate in 2022 averaged 3.8% (but ended the year at 3.4%). This was up from the prior year (3.1%) and was lower than the State of Ohio (4.1%) and the comparable national rate (3.7%).
- City employee health insurance rates increased 5.25% for 2023. For the 3-year period 2021-2023, the City’s health insurance premium increases have averaged 3.57%. 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 3% and 2.5%, respectively, for 2023; wage increases for the ASFCME bargaining unit employees were budgeted at 4%, pending upcoming contract negotiations.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

In 2022, 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, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 14,743,790	\$ 8,566,165	\$ 23,309,955
Cash in segregated accounts. . . . .	628,565	-	628,565
Receivables (net of allowance for uncollectibles)			
Income taxes . . . . .	1,690,990	-	1,690,990
Property and other local taxes . . . . .	936,057	-	936,057
Accounts . . . . .	199,725	499,499	699,224
Loans receivable . . . . .	780,347	-	780,347
Special assessments . . . . .	114,317	-	114,317
Accrued interest . . . . .	18,513	19,802	38,315
Due from other governments . . . . .	801,143	-	801,143
Materials and supplies inventory . . . . .	60,230	125,294	185,524
Prepaid bond insurance . . . . .	7,101	6,609	13,710
Net pension asset . . . . .	105,897	69,586	175,483
Net OPEB asset. . . . .	703,297	462,146	1,165,443
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	-	387,771	387,771
Cash in segregated accounts . . . . .	-	77,230	77,230
Capital assets:			
Land and construction in progress . . . . .	6,610,309	14,105,255	20,715,564
Depreciable capital assets, net . . . . .	28,857,223	77,662,249	106,519,472
Total capital assets, net . . . . .	35,467,532	91,767,504	127,235,036
Total assets . . . . .	56,257,504	101,981,606	158,239,110
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding . . . . .	14,815	33,307	48,122
Pension. . . . .	4,616,227	799,120	5,415,347
OPEB . . . . .	1,047,319	177,553	1,224,872
Total deferred outflows of resources . . . . .	5,678,361	1,009,980	6,688,341
<b>Liabilities:</b>			
Accounts payable . . . . .	219,222	92,446	311,668
Contracts payable. . . . .	11,495	10,999	22,494
Accrued wages and benefits payable . . . . .	334,179	106,853	441,032
Due to other governments . . . . .	228,327	45,575	273,902
Accrued interest payable . . . . .	31,903	13,001	44,904
Payable from restricted assets - refundable deposits.	-	387,771	387,771
Unearned revenue . . . . .	1,749,385	-	1,749,385
Long-term liabilities:			
Due within one year . . . . .	1,509,341	3,785,013	5,294,354
Due in more than one year:			
Due in more than one year - net pension liability.	11,754,578	1,215,425	12,970,003
Due in more than one year - net OPEB liability. . . . .	1,737,783	-	1,737,783
Other amounts due in more than one year. . . . .	8,449,362	40,081,317	48,530,679
Total liabilities . . . . .	26,025,575	45,738,400	71,763,975
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next year . . . . .	833,300	-	833,300
Pension . . . . .	6,234,711	1,735,180	7,969,891
OPEB . . . . .	1,438,013	659,991	2,098,004
Total deferred inflows of resources . . . . .	8,506,024	2,395,171	10,901,195
<b>Net position:</b>			
Net investment in capital assets . . . . .	29,685,536	48,811,785	78,497,321
Restricted for:			
Capital projects . . . . .	1,696,206	-	1,696,206
Debt service . . . . .	761,807	-	761,807
Transportation projects . . . . .	411,105	-	411,105
Safety projects . . . . .	461,562	-	461,562
Special projects . . . . .	478,732	-	478,732
Economic development projects. . . . .	1,726,998	-	1,726,998
Health projects. . . . .	12,775	-	12,775
Museum trust. . . . .	643,133	-	643,133
Other purposes. . . . .	377,839	-	377,839
Unrestricted (deficit) . . . . .	(8,851,427)	6,046,230	(2,805,197)
Total net position . . . . .	\$ 27,404,266	\$ 54,858,015	\$ 82,262,281

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government . . . . .	\$ 3,733,337	\$ 553,955	\$ 65,365	\$ 326,138
Security of persons and property. . . . .	7,996,746	1,225,618	284,150	-
Public health and welfare. . . . .	552,739	67,724	949	213,117
Transportation . . . . .	2,400,745	-	1,257,903	51,067
Community environment . . . . .	610,028	110,741	-	-
Leisure time activity . . . . .	1,026,458	32,048	-	12,500
Economic development. . . . .	233,792	-	421,810	-
Interest and fiscal charges . . . . .	221,174	-	-	-
Total governmental activities. . . . .	<u>16,775,019</u>	<u>1,990,086</u>	<u>2,030,177</u>	<u>602,822</u>
<b>Business-type activities:</b>				
Sewer . . . . .	5,355,292	7,300,171	-	172,299
Water . . . . .	5,756,541	7,245,020	-	252,934
Other business-type activities:				
Refuse . . . . .	1,074,012	1,103,676	-	-
Total business-type activities . . . . .	<u>12,185,845</u>	<u>15,648,867</u>	<u>-</u>	<u>425,233</u>
Total primary government . . . . .	<u>\$ 28,960,864</u>	<u>\$ 17,638,953</u>	<u>\$ 2,030,177</u>	<u>\$ 1,028,055</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 . . . . .	
<b>Net position at beginning of year (restated) . .</b>	
<b>Net position at end of year . . . . .</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,787,879)	\$ -	\$ (2,787,879)
(6,486,978)	-	(6,486,978)
(270,949)	-	(270,949)
(1,091,775)	-	(1,091,775)
(499,287)	-	(499,287)
(981,910)	-	(981,910)
188,018	-	188,018
(221,174)	-	(221,174)
<u>(12,151,934)</u>	<u>-</u>	<u>(12,151,934)</u>
-	2,117,178	2,117,178
-	1,741,413	1,741,413
-	29,664	29,664
-	<u>3,888,255</u>	<u>3,888,255</u>
<u>(12,151,934)</u>	<u>3,888,255</u>	<u>(8,263,679)</u>
8,700,199	-	8,700,199
2,212,830	-	2,212,830
2,176,277	-	2,176,277
658,316	-	658,316
598,326	-	598,326
578,610	-	578,610
88,397	66,898	155,295
(644,596)	-	(644,596)
487,627	33,993	521,620
<u>14,855,986</u>	<u>100,891</u>	<u>14,956,877</u>
<u>15,489</u>	<u>(15,489)</u>	<u>-</u>
<u>14,871,475</u>	<u>85,402</u>	<u>14,956,877</u>
2,719,541	3,973,657	6,693,198
<u>24,684,725</u>	<u>50,884,358</u>	<u>75,569,083</u>
<u>\$ 27,404,266</u>	<u>\$ 54,858,015</u>	<u>\$ 82,262,281</u>

**CITY OF DEFIANCE, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	<u>General</u>	<u>Police and Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 6,183,986	\$ 199,385	\$ 3,182,481	\$ 5,177,938	\$ 14,743,790
Cash in segregated accounts. . . . .	-	4,009	-	624,556	628,565
Receivables (net of allowance for uncollectibles):					
Income taxes . . . . .	1,122,479	281,888	281,888	4,735	1,690,990
Property and other local taxes . . . . .	659,840	-	-	276,217	936,057
Accounts . . . . .	130,037	-	-	69,688	199,725
Loans receivable . . . . .	-	-	-	780,347	780,347
Special assessments . . . . .	-	-	-	114,317	114,317
Accrued interest . . . . .	15,643	-	-	2,870	18,513
Due from other governments. . . . .	259,939	-	-	541,204	801,143
Materials and supplies inventory. . . . .	-	-	-	60,230	60,230
Total assets. . . . .	<u>\$ 8,371,924</u>	<u>\$ 485,282</u>	<u>\$ 3,464,369</u>	<u>\$ 7,652,102</u>	<u>\$ 19,973,677</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 154,538	\$ 26,121	\$ 4,485	\$ 34,078	\$ 219,222
Contracts payable . . . . .	-	-	11,495	-	11,495
Accrued wages and benefits payable. . . . .	141,504	164,834	-	27,841	334,179
Compensated absences payable . . . . .	26,571	-	-	-	26,571
Due to other governments . . . . .	55,173	116,010	-	57,144	228,327
Unearned revenue . . . . .	-	-	-	1,749,385	1,749,385
Total liabilities. . . . .	<u>377,786</u>	<u>306,965</u>	<u>15,980</u>	<u>1,868,448</u>	<u>2,569,179</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next year. . . . .	648,300	-	-	185,000	833,300
Delinquent property tax revenue not available. . . . .	11,540	-	-	-	11,540
Accrued interest not available . . . . .	6,667	-	-	1,267	7,934
Special assessments revenue not available. . . . .	-	-	-	114,317	114,317
Income tax revenue not available . . . . .	213,480	71,718	71,718	1,205	358,121
Intergovernmental revenue not available . . . . .	145,478	-	-	362,154	507,632
Total deferred inflows of resources . . . . .	<u>1,025,465</u>	<u>71,718</u>	<u>71,718</u>	<u>663,943</u>	<u>1,832,844</u>
<b>Fund balances:</b>					
Nonspendable . . . . .	22,199	-	-	60,230	82,429
Restricted . . . . .	-	106,599	-	5,043,157	5,149,756
Committed. . . . .	-	-	3,376,671	16,320	3,392,991
Assigned. . . . .	923,038	-	-	4	923,042
Unassigned. . . . .	6,023,436	-	-	-	6,023,436
Total fund balances. . . . .	<u>6,968,673</u>	<u>106,599</u>	<u>3,376,671</u>	<u>5,119,711</u>	<u>15,571,654</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 8,371,924</u>	<u>\$ 485,282</u>	<u>\$ 3,464,369</u>	<u>\$ 7,652,102</u>	<u>\$ 19,973,677</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, 2022

<b>Total governmental fund balances</b>	\$	15,571,654
<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.		35,467,532
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	\$ 358,121	
Property and other local taxes receivable	11,540	
Special assessments receivable	114,317	
Intergovernmental receivable	507,632	
Accrued interest receivable	7,934	
Total		999,544
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.		7,101
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(31,903)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		14,815
Unamortized premiums on bond issuances are not recognized in the funds.		(100,786)
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	105,897	
Deferred outflows of resources	4,616,227	
Deferred inflows of resources	(6,234,711)	
Net pension liability	(11,754,578)	
Total		(13,267,165)
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	703,297	
Deferred outflows of resources	1,047,319	
Deferred inflows of resources	(1,438,013)	
Net OPEB liability	(1,737,783)	
Total		(1,425,180)
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	(5,421,000)	
Land acquisition bonds payable	(1,543,523)	
OWDA loans payable	(1,282,149)	
Leases payable	(356,706)	
Financed purchase agreement obligations payable	(319,610)	
Compensated absences payable	(908,358)	
Total		(9,831,346)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>27,404,266</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>Police and Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Income taxes. . . . .	\$ 8,875,388	\$ 2,228,669	\$ 2,228,669	\$ 37,433	\$ 13,370,159
Property and other local taxes. . . . .	663,695	-	-	598,326	1,262,021
Payments in lieu of taxes. . . . .	1,856	-	17,459	-	19,315
Charges for services. . . . .	877,266	-	-	-	877,266
Licenses, permits and fees. . . . .	137,507	-	-	202,351	339,858
Fines and forfeitures. . . . .	323,703	-	-	258,217	581,920
Intergovernmental . . . . .	534,782	81,731	590,322	1,932,000	3,138,835
Special assessments . . . . .	-	-	-	105,402	105,402
Investment income. . . . .	89,005	-	-	24,794	113,799
Rental income . . . . .	5,800	-	-	-	5,800
Donations . . . . .	1,030	-	38,524	46,112	85,666
Change in fair value of investments. . . . .	(545,034)	-	-	(99,562)	(644,596)
Other. . . . .	250,403	-	10,744	197,969	459,116
Total revenues . . . . .	<u>11,215,401</u>	<u>2,310,400</u>	<u>2,885,718</u>	<u>3,303,042</u>	<u>19,714,561</u>
<b>Expenditures:</b>					
Current:					
General government . . . . .	3,632,217	-	-	662,540	4,294,757
Security of persons and property. . . . .	-	6,889,262	-	1,134,527	8,023,789
Public health and welfare . . . . .	463,364	-	-	-	463,364
Transportation . . . . .	-	-	-	1,205,462	1,205,462
Community environment. . . . .	729,741	-	-	-	729,741
Leisure time activity . . . . .	815,009	-	-	-	815,009
Economic development . . . . .	117,149	-	-	116,643	233,792
Capital outlay . . . . .	74,483	9,816	2,312,052	119,122	2,515,473
Debt service:					
Principal retirement . . . . .	12,508	13,980	329,246	659,401	1,015,135
Interest and fiscal charges. . . . .	2,225	3,294	71,778	61,535	138,832
Bond issuance costs . . . . .	-	-	91,308	-	91,308
Total expenditures. . . . .	<u>5,846,696</u>	<u>6,916,352</u>	<u>2,804,384</u>	<u>3,959,230</u>	<u>19,526,662</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>5,368,705</u>	<u>(4,605,952)</u>	<u>81,334</u>	<u>(656,188)</u>	<u>187,899</u>
<b>Other financing sources (uses):</b>					
Bond issuance. . . . .	-	-	2,180,000	-	2,180,000
Sale of capital assets . . . . .	48,459	-	-	-	48,459
Lease transaction . . . . .	89,216	27,090	-	33,879	150,185
Transfers in . . . . .	-	4,217,000	-	1,052,508	5,269,508
Transfers (out). . . . .	(5,204,019)	-	-	(50,000)	(5,254,019)
Premium on bond issuance . . . . .	-	-	35,809	-	35,809
Total other financing sources (uses). . . . .	<u>(5,066,344)</u>	<u>4,244,090</u>	<u>2,215,809</u>	<u>1,036,387</u>	<u>2,429,942</u>
Net change in fund balances. . . . .	302,361	(361,862)	2,297,143	380,199	2,617,841
<b>Fund balances at beginning of year (restated) .</b>	<u>6,666,312</u>	<u>468,461</u>	<u>1,079,528</u>	<u>4,739,512</u>	<u>12,953,813</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 6,968,673</u>	<u>\$ 106,599</u>	<u>\$ 3,376,671</u>	<u>\$ 5,119,711</u>	<u>\$ 15,571,654</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, 2022

<b>Net change in fund balances - total governmental funds</b>	\$	2,617,841
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 2,363,971	
Current year depreciation	<u>(2,098,878)</u>	
Total		265,093
The net effect of various transactions involving capital assets is to decrease net position.		
		(15,180)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income tax revenue	(280,853)	
Property and other local tax revenue	(5,379)	
Special assessments revenue	(5,844)	
Intergovernmental revenue	8,851	
Investment income	<u>(724)</u>	
Total		(283,949)
The issuance of debt 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.		
		(2,330,185)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,015,135
Premiums on general obligation bonds are recognized as other financing sources in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(35,809)
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.		
Change in accrued interest payable	3,804	
Amortization of prepaid bond insurance	(824)	
Amortization of deferred amounts on refunding	(1,661)	
Amortization of bond premium	<u>7,647</u>	
Total		8,966
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	1,396,167	
OPEB	<u>33,450</u>	
Total		1,429,617
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	(490,748)	
OPEB	<u>453,583</u>	
Total		(37,165)
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>85,177</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>2,719,541</u></b>

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, 2022

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 7,786,370	\$ 7,786,370	\$ 8,795,712	\$ 1,009,342
Property and other local taxes . . . . .	649,940	649,940	665,551	15,611
Charges for services . . . . .	750,990	750,990	886,363	135,373
Licenses, permits and fees . . . . .	103,500	103,500	137,507	34,007
Fines and forfeitures . . . . .	322,600	322,600	327,237	4,637
Intergovernmental . . . . .	597,905	597,905	530,999	(66,906)
Investment income . . . . .	83,500	83,500	81,660	(1,840)
Rental income . . . . .	3,200	3,200	5,800	2,600
Donations . . . . .	-	-	1,030	1,030
Other . . . . .	68,660	68,660	215,059	146,399
Total revenues . . . . .	<u>10,366,665</u>	<u>10,366,665</u>	<u>11,646,918</u>	<u>1,280,253</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	4,127,005	4,328,861	4,205,421	123,440
Public health and welfare . . . . .	464,242	486,949	473,015	13,934
Community environment . . . . .	1,021,968	1,071,954	995,876	76,078
Leisure time activity . . . . .	916,154	960,964	889,202	71,762
Economic development . . . . .	141,575	148,500	136,274	12,226
Total expenditures . . . . .	<u>6,670,944</u>	<u>6,997,228</u>	<u>6,699,788</u>	<u>297,440</u>
Excess of revenues over expenditures . . . . .	<u>3,695,721</u>	<u>3,369,437</u>	<u>4,947,130</u>	<u>1,577,693</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	40,000	40,000	48,459	8,459
Transfers in . . . . .	894,000	894,000	894,000	-
Transfers (out) . . . . .	(4,961,353)	(5,204,019)	(5,204,019)	-
Total other financing sources (uses) . . . . .	<u>(4,027,353)</u>	<u>(4,270,019)</u>	<u>(4,261,560)</u>	<u>8,459</u>
Net change in fund balance . . . . .	(331,632)	(900,582)	685,570	1,586,152
<b>Fund balance at beginning of year . . . . .</b>	5,375,147	5,375,147	5,375,147	-
<b>Prior year encumbrances appropriated . . . . .</b>	92,523	92,523	92,523	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,136,038</u>	<u>\$ 4,567,088</u>	<u>\$ 6,153,240</u>	<u>\$ 1,586,152</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 2,058,172	\$ 2,139,730	\$ 2,208,866	\$ 69,136
Intergovernmental . . . . .	9,956	10,350	85,906	75,556
Other . . . . .	66,197	68,820	267	(68,553)
Total revenues . . . . .	<u>2,134,325</u>	<u>2,218,900</u>	<u>2,295,039</u>	<u>76,139</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	6,744,640	6,970,590	6,897,284	73,306
Total expenditures . . . . .	<u>6,744,640</u>	<u>6,970,590</u>	<u>6,897,284</u>	<u>73,306</u>
Excess of expenditures over revenues . . . . .	<u>(4,610,315)</u>	<u>(4,751,690)</u>	<u>(4,602,245)</u>	<u>149,445</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	4,056,265	4,217,000	4,217,000	-
Total other financing sources . . . . .	<u>4,056,265</u>	<u>4,217,000</u>	<u>4,217,000</u>	<u>-</u>
Net change in fund balance. . . . .	(554,050)	(534,690)	(385,245)	149,445
<b>Fund balance at beginning of year. . . . .</b>	513,027	513,027	513,027	-
<b>Prior year encumbrances appropriated. . . . .</b>	41,900	41,900	41,900	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 877</u>	<u>\$ 20,237</u>	<u>\$ 169,682</u>	<u>\$ 149,445</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2022

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . . . .	\$ 3,778,505	\$ 4,630,056	\$ 157,604	\$ 8,566,165
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	245,916	225,540	28,043	499,499
Accrued interest . . . . .	8,892	10,910	-	19,802
Payments in lieu of taxes - current . . . . .	-	32,430	-	32,430
Materials and supplies inventory. . . . .	29,622	95,672	-	125,294
Prepayments. . . . .	2,429	4,180	-	6,609
<b>Total current assets. . . . .</b>	<b>4,065,364</b>	<b>4,998,788</b>	<b>185,647</b>	<b>9,249,799</b>
Noncurrent assets:				
Restricted equity in pooled cash and cash equivalents . . . . .	-	-	387,771	387,771
Restricted cash in segregated accounts . . . . .	-	-	77,230	77,230
Net pension asset . . . . .	8,914	60,672	-	69,586
Net OPEB asset. . . . .	59,202	402,944	-	462,146
Capital assets:				
Land and construction in progress. . . . .	604,980	13,500,275	-	14,105,255
Depreciable/amortized capital assets, net. . . . .	53,003,319	24,658,930	-	77,662,249
<b>Total capital assets, net . . . . .</b>	<b>53,608,299</b>	<b>38,159,205</b>	<b>-</b>	<b>91,767,504</b>
<b>Total noncurrent assets . . . . .</b>	<b>53,676,415</b>	<b>38,622,821</b>	<b>465,001</b>	<b>92,764,237</b>
<b>Total assets . . . . .</b>	<b>57,741,779</b>	<b>43,621,609</b>	<b>650,648</b>	<b>102,014,036</b>
<b>Deferred outflows of resources:</b>				
Unamortized deferred charges on refunding. . . . .	9,816	23,491	-	33,307
Pension. . . . .	80,562	718,558	-	799,120
OPEB. . . . .	2,229	175,324	-	177,553
<b>Total deferred outflows of resources . . . . .</b>	<b>92,607</b>	<b>917,373</b>	<b>-</b>	<b>1,009,980</b>

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2022

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	\$ 18,883	\$ 73,563	\$ -	\$ 92,446
Contracts payable . . . . .	7,714	3,285	-	10,999
Accrued wages and benefits payable . . . . .	47,965	58,888	-	106,853
Due to other governments . . . . .	21,747	23,828	-	45,575
Accrued interest payable. . . . .	6,927	6,074	-	13,001
Payable from restricted assets:				
Refundable deposits . . . . .	-	-	387,771	387,771
Compensated absences payable - current . . . . .	65,223	90,854	-	156,077
General obligation bonds payable - current. . . . .	803,500	742,500	-	1,546,000
OWDA loans payable - current . . . . .	1,640,067	246,282	-	1,886,349
OPWC loans payable - current. . . . .	-	123,403	-	123,403
Capital lease obligations payable - current. . . . .	4,869	68,315	-	73,184
Total current liabilities. . . . .	<u>2,616,895</u>	<u>1,436,992</u>	<u>387,771</u>	<u>4,441,658</u>
Long-term liabilities:				
Compensated absences payable . . . . .	30,442	38,188	-	68,630
General obligation bonds payable . . . . .	2,648,146	3,532,501	-	6,180,647
OWDA loans payable . . . . .	18,155,947	13,783,650	-	31,939,597
OPWC loans payable. . . . .	-	1,789,351	-	1,789,351
Capital lease obligations payable . . . . .	19,614	83,478	-	103,092
Net pension liability . . . . .	155,698	1,059,727	-	1,215,425
Total noncurrent liabilities . . . . .	<u>21,009,847</u>	<u>20,286,895</u>	<u>-</u>	<u>41,296,742</u>
Total liabilities . . . . .	<u>23,626,742</u>	<u>21,723,887</u>	<u>387,771</u>	<u>45,738,400</u>
<b>Deferred inflows of resources:</b>				
Pension. . . . .	432,134	1,303,046	-	1,735,180
OPEB. . . . .	243,668	416,323	-	659,991
PILOTs levied for next year. . . . .	-	32,430	-	32,430
Total deferred inflows of resources . . . . .	<u>675,802</u>	<u>1,751,799</u>	<u>-</u>	<u>2,427,601</u>
<b>Net position:</b>				
Net investment in capital assets . . . . .	30,338,258	18,473,527	-	48,811,785
Unrestricted . . . . .	<u>3,193,584</u>	<u>2,589,769</u>	<u>262,877</u>	<u>6,046,230</u>
Total net position . . . . .	<u>\$ 33,531,842</u>	<u>\$ 21,063,296</u>	<u>\$ 262,877</u>	<u>\$ 54,858,015</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, 2022

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 7,300,171	\$ 7,216,221	\$ 1,103,676	\$ 15,620,068
Tap-in fees . . . . .	-	28,799	-	28,799
Other . . . . .	3,964	16,130	-	20,094
Total operating revenues . . . . .	<u>7,304,135</u>	<u>7,261,150</u>	<u>1,103,676</u>	<u>15,668,961</u>
<b>Operating expenses:</b>				
Personal services . . . . .	1,318,158	2,360,031	-	3,678,189
Contract services . . . . .	994,158	889,648	-	1,883,806
Materials and supplies . . . . .	283,945	837,463	-	1,121,408
Administrative costs . . . . .	62,799	15,664	-	78,463
Utilities . . . . .	341,604	321,808	1,074,012	1,737,424
Depreciation/amortization. . . . .	1,811,353	1,024,744	-	2,836,097
Other. . . . .	-	5,144	-	5,144
Total operating expenses . . . . .	<u>4,812,017</u>	<u>5,454,502</u>	<u>1,074,012</u>	<u>11,340,531</u>
Operating income (loss) . . . . .	<u>2,492,118</u>	<u>1,806,648</u>	<u>29,664</u>	<u>4,328,430</u>
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	36,046	30,852	-	66,898
Loss on sale of capital assets . . . . .	(11,535)	12,576	-	1,041
Interest and fiscal charges . . . . .	(531,740)	(234,988)	-	(766,728)
Payments in lieu of taxes. . . . .	13,899	-	-	13,899
Bond issuance costs. . . . .	-	(79,627)	-	(79,627)
Total nonoperating revenues (expenses) . . . . .	<u>(493,330)</u>	<u>(271,187)</u>	<u>-</u>	<u>(764,517)</u>
Income (loss) before transfers and contributions. . . . .	1,998,788	1,535,461	29,664	3,563,913
Transfers (out). . . . .	(15,489)	-	-	(15,489)
Capital contributions . . . . .	172,299	252,934	-	425,233
Change in net position. . . . .	2,155,598	1,788,395	29,664	3,973,657
<b>Net position at beginning of year . . . . .</b>	<u>31,376,244</u>	<u>19,274,901</u>	<u>233,213</u>	<u>50,884,358</u>
<b>Net position at end of year. . . . .</b>	<u>\$ 33,531,842</u>	<u>\$ 21,063,296</u>	<u>\$ 262,877</u>	<u>\$ 54,858,015</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, 2022

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from charges for services . . . . .	\$ 7,231,717	\$ 7,113,678	\$ 1,095,871	\$ 15,441,266
Cash received from tap-in fees . . . . .	-	28,799	-	28,799
Cash received from other operations . . . . .	3,964	16,130	-	20,094
Cash payments for personal services . . . . .	(2,198,500)	(2,437,977)	-	(4,636,477)
Cash payments for contractual services . . . . .	(1,038,818)	(895,463)	-	(1,934,281)
Cash payments for administrative costs . . . . .	(62,303)	(15,810)	-	(78,113)
Cash payments for materials and supplies . . . . .	(294,442)	(837,595)	-	(1,132,037)
Cash payments for utilities . . . . .	(336,392)	(334,118)	(1,125,612)	(1,796,122)
Cash payments for other operations . . . . .	-	(5,144)	-	(5,144)
Net cash provided by (used in) operating activities . . . . .	<u>3,305,226</u>	<u>2,632,500</u>	<u>(29,741)</u>	<u>5,907,985</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash payments for transfers out . . . . .	(15,489)	-	-	(15,489)
Net cash used in noncapital financing activities . . . . .	<u>(15,489)</u>	<u>-</u>	<u>-</u>	<u>(15,489)</u>
<b>Cash flows from capital and related financing activities:</b>				
Cash received from payments in lieu of taxes . . . . .	13,899	-	-	13,899
Cash received from sale of capital assets . . . . .	909	27,711	-	28,620
Cash payments for the acquisition of capital assets . . . . .	(388,526)	(5,977,263)	-	(6,365,789)
Cash received from issuance of loans . . . . .	-	3,542,014	-	3,542,014
Cash received from issuance of bonds . . . . .	-	1,900,000	-	1,900,000
Cash received from premium on debt issuances . . . . .	-	31,455	-	31,455
Cash payments for principal retirement . . . . .	(2,561,841)	(1,613,595)	-	(4,175,436)
Cash payments for interest and fiscal charges . . . . .	(554,526)	(256,549)	-	(811,075)
Cash payments for bond issuance costs . . . . .	-	(79,627)	-	(79,627)
Cash received from capital contributions . . . . .	172,299	252,934	-	425,233
Net cash used in capital and related financing activities . . . . .	<u>(3,317,786)</u>	<u>(2,172,920)</u>	<u>-</u>	<u>(5,490,706)</u>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned . . . . .	35,759	29,397	-	65,156
Net cash provided by investing activities . . . . .	<u>35,759</u>	<u>29,397</u>	<u>-</u>	<u>65,156</u>
Net increase (decrease) in cash and cash equivalents . . . . .	7,710	488,977	(29,741)	466,946
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>3,770,795</u>	<u>4,141,079</u>	<u>652,346</u>	<u>8,564,220</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 3,778,505</u>	<u>\$ 4,630,056</u>	<u>\$ 622,605</u>	<u>\$ 9,031,166</u>

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>				
Operating income . . . . .	\$ 2,492,118	\$ 1,806,648	\$ 29,664	\$ 4,328,430
Adjustments:				
Depreciation/amortization. . . . .	1,811,353	1,024,744	-	2,836,097
Changes in assets and liabilities:				
Change in accounts receivable. . . . .	(53,402)	(106,075)	(14,732)	(174,209)
Change in special assessments receivable. . . . .	-	3,532	-	3,532
Change in materials and supplies inventory. . . . .	(11,671)	18,789	-	7,118
Change in net pension asset. . . . .	(2,182)	(13,414)	-	(15,596)
Change in net OPEB asset. . . . .	(26,497)	(173,368)	-	(199,865)
Change in deferred outflows - pension . . . . .	(39,405)	211,052	-	171,647
Change in deferred outflows - OPEB. . . . .	16,663	378,193	-	394,856
Change in accounts payable . . . . .	(53,557)	(26,809)	(51,600)	(131,966)
Change in accrued wages and benefits . . . . .	2,260	5,688	-	7,948
Change in compensated absences payable. . . . .	(12,867)	(1,221)	-	(14,088)
Change in due to other governments . . . . .	1,207	(9,394)	-	(8,187)
Change in utility deposits payable. . . . .	-	-	6,927	6,927
Change in net pension liability. . . . .	(97,939)	(720,725)	-	(818,664)
Change in deferred inflows - pension. . . . .	(394,467)	519,985	-	125,518
Change in deferred inflows - OPEB. . . . .	(326,388)	(285,125)	-	(611,513)
Net cash provided by (used in) operating activities . . . .	\$ 3,305,226	\$ 2,632,500	\$ (29,741)	\$ 5,907,985

**Non-cash transactions:**

At December 31, 2022, the sewer fund purchased \$7,714 in capital assets on account.  
 During 2022, the sewer fund entered into a lease obligation in the amount of \$25,678.  
 At December 31, 2022, the water fund purchased \$3,285 in capital assets on account.  
 During 2022, the water fund entered into a lease obligation in the amount of \$43,252.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2022

	<u>Custodial</u>
<b>Assets:</b>	
Cash in segregated accounts . . . . .	\$ 13,979
Total assets. . . . .	<u>\$ 13,979</u>
<b>Liabilities:</b>	
Due to other governments . . . . .	\$ 13,979
Total liabilities. . . . .	<u>\$ 13,979</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, 2022

	<b>Custodial</b>
<b>Additions:</b>	
Fines and forfeitures collected for other governments .	\$ 973,808
Total additions . . . . .	973,808
 <b>Deductions:</b>	
Fines and forfeitures distributed to other governments .	973,808
Total deductions. . . . .	973,808
 Change in net position . . . . .	 -
 <b>Net position at beginning of year . . . . .</b>	 -
 <b>Net position at end of year . . . . .</b>	 \$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

#### 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 2022, the City contributed \$36,644 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, 2022

**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, 2022

#### 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, 2022

**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, 2022

**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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, 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, 2022

**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 a future period and will not be recognized as an inflow of resources (revenue) until that time. 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, 2022, but which were levied to finance 2023 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. Unavailable revenue includes, but is not limited to, 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 13 and 14 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are 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, 2022

#### 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 2022, 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. Treasury notes, and federal agency securities. Except for investments in STAR Ohio, investments are reported at fair value.

During 2022, 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 2022, 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 2022 amounted to \$89,005, which included \$42,822 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, 2022

**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/amortized 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/amortization 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
Intangible right to use - leased equipment	5 - 10 years	5 - 10 years
Intangible right to use - leased vehicles	5 - 6 years	5 - 6 years

The City is reporting intangible right to use assets related to leased equipment and vehicles. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**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, 2022

**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, 2022

#### 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, 2022

#### **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 2022, the sewer and water funds received \$172,299 and \$252,934, respectively, 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/amortization, 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 2022.

#### **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, 2022

#### 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 11.

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

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

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

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

#### V. Fair Value Measurements

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

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### A. Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

**B. Restatement of Governmental Activities Net Position and Governmental Fund Balances**

Governmental activities net position and fund balances have been restated at December 31, 2021 to correctly report the balance of the Local Coronavirus Relief fund (a nonmajor governmental fund) as unearned revenue.

	Governmental Activities
Net position as previously reported	\$ 25,555,940
Adjustment for unearned revenue	(871,215)
Restated net position at December 31, 2021	\$ 24,684,725

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

	General	Police and Fire	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Fund balance as previously reported	\$ 6,666,312	\$ 468,461	\$ 1,079,528	\$ 5,610,727	\$ 13,825,028
Adjustment for unearned revenue	-	-	-	(871,215)	(871,215)
Restated fund balance, at December 31, 2021	<u>\$ 6,666,312</u>	<u>\$ 468,461</u>	<u>\$ 1,079,528</u>	<u>\$ 4,739,512</u>	<u>\$ 12,953,813</u>

**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, 2022

**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, 2022, 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, 2022, the City had \$719,774 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, 2022, the carrying amount of all City deposits was \$13,264,683, and the bank balance was \$14,098,974. Of the bank balance \$1,756,560 was covered by FDIC, \$763,074 was covered by specific collateral pledged by the institution, and \$11,579,340 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, 2022

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

**D. Investments**

At December 31, 2022, 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	\$ 100,151	\$ 100,151	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
FAMC	89,055	-	-	-	-	89,055
FHLMC	536,255	-	-	-	-	536,255
FNMA	416,424	-	-	-	237,498	178,926
FFCB	3,051,877	-	707,161	-	1,009,654	1,335,062
FHLB	916,794	-	-	267,550	-	649,244
Negotiable CDs	3,415,293	1,275,342	723,313	240,074	714,539	462,025
Commercial paper	248,475	248,475	-	-	-	-
U.S. Treasury notes	1,598,195	287,293	258,551	-	163,933	888,418
U.S. Government money market	58,274	58,274	-	-	-	-
Total	\$ 10,430,793	\$ 1,969,535	\$ 1,689,025	\$ 507,624	\$ 2,125,624	\$ 4,138,985

The weighted average maturity of investments is 1.99 years.

The City's investment in a U.S. Government money market and a U.S. Treasury notes 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, 2022

**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, 2022 follows:

<u>Measurement\ Investment Type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 100,151	0.96%
<i>Fair value:</i>		
FAMC	89,055	0.85%
FHLMC	536,255	5.14%
FNMA	416,424	3.99%
FFCB	3,051,877	29.27%
FHLB	916,794	8.79%
Negotiable CDs	3,415,293	32.74%
Commercial paper	248,475	2.38%
U.S. Treasury notes	1,598,195	15.32%
U.S. Government money market	<u>58,274</u>	<u>0.56%</u>
Total	<u>\$ 10,430,793</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, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 13,264,683
Investments	10,430,793
Cash in segregated accounts	719,774
Cash on hand	<u>2,250</u>
Total	<u>\$ 24,417,500</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 15,372,355
Business-type activities	9,031,166
Custodial fund	<u>13,979</u>
Total	<u>\$ 24,417,500</u>



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 5 - INTERFUND TRANSACTIONS**

During 2022, interfund transfers consisted of the following, as reported in the fund financial statements:

Transfers from the general fund to:

Police and fire fund	\$ 4,217,000
Nonmajor governmental funds	987,019

Transfer from nonmajor governmental fund to:

Nonmajor governmental fund	50,000
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Transfer from the sewer fund to:

Nonmajor governmental fund	<u>15,489</u>
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Total transfers	<u>\$ 5,269,508</u>
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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. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 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, 2022 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 2022 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, 2022

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

The full tax rate for all City operations for the year ended December 31, 2022, was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2022 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 225,689,760
Commercial/industrial/mineral	91,414,020
<u>Public utility</u>	
Real	66,440
Personal	31,343,690
Total assessed value	<u>\$ 348,513,910</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, 2022. Income tax revenue for 2022 was \$13,370,159 on the modified accrual basis of accounting.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2022 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, 2022.

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

<b><u>Governmental activities:</u></b>	
Income taxes	\$1,690,990
Property and other local taxes	936,057
Accounts	199,725
Loans receivable	780,347
Special assessments	114,317
Accrued interest	18,513
Due from other governments	801,143
<b><u>Business-type activities:</u></b>	
Accounts	499,499
Accrued interest	19,802

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, 2022

**NOTE 9 - CAPITAL ASSETS**

The following activity occurred in the City’s governmental activities capital assets during 2022:

	Balance			Balance
<b><u>Governmental activities:</u></b>	<u>January 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2022</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,981,311	\$ 70,568	\$ (9,430)	\$ 2,042,449
Construction in progress	<u>4,260,206</u>	<u>653,091</u>	<u>(345,437)</u>	<u>4,567,860</u>
<i>Total capital assets, not being depreciated/amortized</i>	<u>6,241,517</u>	<u>723,659</u>	<u>(354,867)</u>	<u>6,610,309</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	11,580,662	-	-	11,580,662
Improvements other than buildings	4,810,202	27,167	-	4,837,369
Equipment	3,867,305	316,185	(60,747)	4,122,743
Vehicles	3,929,617	44,978	(106,626)	3,867,969
Infrastructure	32,143,558	1,384,104	-	33,527,662
Intangible right to use:				
Leased equipment	564,729	213,315	-	778,044
Leased vehicles	<u>128,908</u>	<u>-</u>	<u>-</u>	<u>128,908</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>57,024,981</u>	<u>1,985,749</u>	<u>(167,373)</u>	<u>58,843,357</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(5,925,122)	(312,027)	-	(6,237,149)
Improvements other than buildings	(1,851,578)	(194,965)	-	(2,046,543)
Equipment	(2,428,869)	(235,076)	60,747	(2,603,198)
Vehicles	(2,303,529)	(289,195)	100,876	(2,491,848)
Infrastructure	(15,422,844)	(925,556)	-	(16,348,400)
Intangible right to use:				
Leased equipment	(106,195)	(99,902)	-	(206,097)
Leased vehicles	<u>(10,742)</u>	<u>(42,157)</u>	<u>-</u>	<u>(52,899)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(28,048,879)</u>	<u>(2,098,878)</u>	<u>161,623</u>	<u>(29,986,134)</u>
Total capital assets, net	<u>\$ 35,217,619</u>	<u>\$ 610,530</u>	<u>\$ (360,617)</u>	<u>\$ 35,467,532</u>

Depreciation/amortization expense was charged to governmental activities as follows:

<b><u>Governmental activities:</u></b>	
General government	\$ 276,111
Security of persons and property	272,332
Public health and welfare	123,864
Transportation	1,030,673
Community environment	152,954
Leisure time activity	<u>242,944</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,098,878</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

The following activity occurred in the City’s business-type activities capital assets during 2022:

	Balance			Balance
<b><u>Business-type activities:</u></b>	<u>January 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2022</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 662,207	\$ -	\$ -	\$ 662,207
Construction in progress	<u>9,280,116</u>	<u>4,170,432</u>	<u>(7,500)</u>	<u>13,443,048</u>
<i>Total capital assets, not being depreciated</i>	<u>9,942,323</u>	<u>4,170,432</u>	<u>(7,500)</u>	<u>14,105,255</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,161,766	-	(4,267)	1,157,499
Buildings and improvements	30,709,748	-	(8,601)	30,701,147
Equipment	6,900,610	324,099	(61,139)	7,163,570
Vehicles	1,184,961	-	(58,371)	1,126,590
Infrastructure	86,404,412	7,500	-	86,411,912
Intangible right to use:				
Leased vehicles	<u>159,401</u>	<u>99,087</u>	<u>-</u>	<u>258,488</u>
<i>Total capital assets, being depreciated</i>	<u>126,520,898</u>	<u>430,686</u>	<u>(132,378)</u>	<u>126,819,206</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(917,676)	(27,657)	4,267	(941,066)
Buildings and improvements	(17,924,487)	(669,765)	1,290	(18,592,962)
Equipment	(3,585,164)	(402,332)	40,871	(3,946,625)
Vehicles	(680,277)	(112,514)	58,371	(734,420)
Infrastructure	(23,304,772)	(1,587,354)	-	(24,892,126)
Intangible right to use:				
Leased vehicles	<u>(13,283)</u>	<u>(36,475)</u>	<u>-</u>	<u>(49,758)</u>
<i>Total accumulated depreciation</i>	<u>(46,425,659)</u>	<u>(2,836,097)</u>	<u>104,799</u>	<u>(49,156,957)</u>
<b>Total capital assets, net</b>	<u><b>\$ 90,037,562</b></u>	<u><b>\$ 1,765,021</b></u>	<u><b>\$ (35,079)</b></u>	<u><b>\$ 91,767,504</b></u>

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

<b><u>Business-type activities:</u></b>	
Sewer	\$ 1,024,744
Water	<u>1,811,353</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,836,097</u></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 \$572,070 at December 31, 2022. 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, 2022

**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 \$587,566 at December 31, 2022. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

**NOTE 11 - LONG-TERM OBLIGATIONS**

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

During 2022, the following changes occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Amount Due in One Year
General obligation bonds:					
Series 2018 Bonds - Ambulance - 2.86%	\$ 85,000	\$ -	\$ (42,000)	\$ 43,000	\$ 43,000
Series 2018 Bonds - S. Clinton St. - 2.86%	106,000	-	(52,000)	54,000	54,000
Series 2018 Bonds - Splash Pad - 2.86%	382,000	-	(188,000)	194,000	194,000
Series 2020 Bonds - Various Purpose - 1.00-2.00%	915,000	-	(95,000)	820,000	95,000
Series 2020 Bonds - Refunding - 1.00-2.00%	2,350,000	-	(220,000)	2,130,000	225,000
Series 2022 Bonds - Commerce Drive - 3.00-7.00%	-	1,285,000	-	1,285,000	5,000
Series 2022 Bonds - Ottawa Corridor - 3.00-7.00%	-	895,000	-	895,000	5,000
Total general obligation bonds	<u>3,838,000</u>	<u>2,180,000</u>	<u>(597,000)</u>	<u>5,421,000</u>	<u>621,000</u>
Land acquisition bonds - 2.75% - direct borrowing	1,662,327	-	(118,804)	1,543,523	122,071
OWDA loan - 0% - direct borrowing	1,398,708	-	(116,559)	1,282,149	116,559
Financing purchase agreement obligations payable	427,555	-	(107,945)	319,610	111,863
Leases payable	281,348	150,185	(74,827)	356,706	95,284
Net pension liability	13,913,280	-	(2,158,702)	11,754,578	-
Net OPEB liability	1,698,799	38,984	-	1,737,783	-
Compensated absences	993,535	440,552	(499,158)	934,929	442,564
Total	<u>\$ 24,213,552</u>	<u>\$ 2,809,721</u>	<u>\$ (3,672,995)</u>	23,350,278	<u>\$ 1,509,341</u>
Add: unamortized bond premium				<u>100,786</u>	
Total on statement of net position				<u>\$ 23,451,064</u>	

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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 improvement 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 improvement fund.

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.

Series 2022 general obligation bonds - On December 15, 2022, the City issued various purpose general obligation bonds, par value \$2,180,000 (series 2022 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 the Commerce Drive Extension and improvements at the Ottawa Corridor. The bonds have interest rates ranging from 3.00% to 7.00% and are scheduled to mature on December 1, 2042. Principal and interest payments on the general obligation bonds will be made from the capital improvement fund. \$1,694,935 of these bond proceeds remain unspent at December 31, 2022.

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.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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.

Leases Payable

The City has entered into lease agreements for the use for the right to use vehicles and equipment. The City has reported intangible right to use capital assets and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid out of the general fund, the police and fire fund, and the street construction, maintenance, and repair, nonmajor special revenue fund. Lease payments are reflected as debt service expenditures in the financial statements and as functional expenditures in the budgetary statements. Payments are due monthly and the leases mature in 2027.

Financed Purchase Agreement Obligations

In a prior year, the City entered into financed purchase agreement obligations for the purchase of equipment. The obligations will be paid out of the capital improvements fund. Payments are reflected as debt service expenditures in the financial statements for the governmental funds and as functional expenditures in the budgetary statements.

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 13 and 14. These liabilities will be primarily paid out of the general fund, police pension fund, and the fire pension fund.

Future Debt Service Requirements

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

Year Ending	General Obligation Bonds			Direct Borrowing
	Principal	Interest	Total	OWDA Loan Principal
2023	\$ 621,000	\$ 133,106	\$ 754,106	\$ 116,559
2024	400,000	121,087	521,087	116,559
2025	415,000	110,087	525,087	116,559
2026	425,000	98,587	523,587	116,559
2027	430,000	90,087	520,087	116,559
2028 - 2032	1,800,000	341,523	2,141,523	582,795
2033 - 2037	605,000	215,502	820,502	116,559
2038 - 2042	725,000	89,602	814,602	-
Total	<u>\$ 5,421,000</u>	<u>\$ 1,199,581</u>	<u>\$ 6,620,581</u>	<u>\$ 1,282,149</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Direct Borrowing			
Land Acquisition Bonds			
Year Ending	Principal	Interest	Total
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	136,064	28,455	164,519
2028 - 2032	738,544	84,048	822,592
2033	160,115	4,402	164,517
Total	\$ 1,543,523	\$ 266,178	\$ 1,809,701

Leases Payable			
Year Ending	Principal	Interest	Total
2023	\$ 95,284	\$ 11,992	\$ 107,276
2024	99,555	7,722	107,277
2025	105,121	4,892	110,013
2026	38,837	1,126	39,963
2027	17,909	206	18,115
Total	\$ 356,706	\$ 25,938	\$ 382,644

Financed Purchase Agreement Obligations			
Year Ending	Principal	Interest	Total
2023	\$ 111,863	\$ 13,113	\$ 124,976
2024	115,925	9,052	124,977
2025	45,126	3,195	48,321
2026	46,696	1,625	48,321
Total	\$ 319,610	\$ 26,985	\$ 346,595

**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, 2022, the City's voted debt margin was \$30,276,928 and the unvoted debt margin was \$19,168,265.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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

During 2022, the following changes occurred in business-type activities long-term obligations:

<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 1/1/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/22</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>						
Waterworks - Series 2016 Refunding:						
Current interest bonds	0.75-2.23%	\$ 1,020,000	\$ -	\$ (505,000)	\$ 515,000	\$ 515,000
Sewer - Series 2016B Improvement	3.00%	700,000	-	(345,000)	355,000	355,000
Sewer - Series 2018 CSO	2.86%	2,330,000	-	(301,000)	2,029,000	311,000
Sewer - Water Meter Sewer Portion 2020 Refunding	1.00-2.00%	780,000	-	(92,500)	687,500	92,500
Water - Maumee River Waterline 2022	3.00-7.00%	-	1,900,000	-	1,900,000	5,000
Water - Water Meter Water Portion 2020 Refunding	1.00-2.00%	780,000	-	(92,500)	687,500	92,500
Water - Water Utility 2020 Refunding	1.00-2.00%	520,000	-	(60,000)	460,000	60,000
Sewer - Sewer Utility 2020 Refunding	1.00-2.00%	380,000	-	(45,000)	335,000	45,000
Water - Various Purpose 2020	1.00-2.00%	675,000	-	(70,000)	605,000	70,000
 Total general obligation bonds		<u>7,185,000</u>	<u>1,900,000</u>	<u>(1,511,000)</u>	<u>7,574,000</u>	<u>1,546,000</u>
<u>Other long-term obligations:</u>						
OWDA loans	0.00-4.14%	32,792,588	3,542,014	(2,508,656)	33,825,946	1,886,349
OPWC loans	0.00%	2,036,158	-	(123,404)	1,912,754	123,403
Leases payable		139,722	68,930	(32,376)	176,276	73,184
Net pension liability		2,034,089	-	(818,664)	1,215,425	-
Compensated absences		238,795	150,644	(164,732)	224,707	156,077
 Total other long-term obligations		<u>37,241,352</u>	<u>3,761,588</u>	<u>(3,647,832)</u>	<u>37,355,108</u>	<u>2,239,013</u>
 Total		<u>\$ 44,426,352</u>	<u>\$ 5,661,588</u>	<u>\$ (5,158,832)</u>	44,929,108	<u>\$ 3,785,013</u>
Add: unamortized bond premium					152,647	
Total on statement of net position					<u>\$ 45,081,755</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, 2022

**NOTE 11 - 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.

Series 2022 general obligation bonds - On December 15, 2022, the City issued various purpose general obligation bonds, par value \$1,900,000 (series 2022 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 the Maumee River Waterline. The bonds have interest rates ranging from 3.00% to 7.00% and are scheduled to mature on December 1, 2042. Principal and interest payments on the general obligation bonds will be made from the water fund. \$663,596 of these bond proceeds remaining unspent at December 31, 2022.

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 13 and 14. These liabilities will be paid out of the sewer fund and the water fund.

Leases Payable

The City has entered into lease agreements for the use for the right to use vehicles. The City has reported intangible right to use capital assets and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid out of the sewer and water funds. Lease payments are reflected as debt service expenditures in the financial statements and as functional expenditures in the budgetary statements. Payments are due monthly and the leases mature in 2027.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Year Ending	Leases Payable		
	Principal	Interest	Total
2023	\$ 73,184	\$ 7,651	\$ 80,835
2024	31,716	5,367	37,083
2025	34,130	2,953	37,083
2026	26,239	886	27,125
2027	11,007	138	11,145
Total	<u>\$ 176,276</u>	<u>\$ 16,995</u>	<u>\$ 193,271</u>

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
2023	\$ 1,546,000	\$ 192,819	\$ 1,738,819
2024	762,000	181,335	943,335
2025	782,000	157,221	939,221
2026	808,000	136,612	944,612
2027	825,000	115,316	940,316
2028 - 2032	1,691,000	293,289	1,984,289
2033 - 2037	530,000	187,814	717,814
2038 - 2042	<u>630,000</u>	<u>77,200</u>	<u>707,200</u>
Total	<u>\$ 7,574,000</u>	<u>\$ 1,341,606</u>	<u>\$ 8,915,606</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, 2022

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

At December 31, 2022, the City had the following OWDA loans outstanding:

Purpose	Interest Rate	Maturity Date	Balance Outstanding 12/31/2022
<b><u>Sewer Fund:</u></b>			
Group 6 sewer planning	3.25%	7/1/2029	\$ 199,580
Group 4 sewer design	3.25%	1/1/2029	314,789
Group 1/3 combined sewer separation	3.36%	1/1/2030	1,837,367
Group 2 express sewer	3.36%	1/1/2030	1,044,087
Group 5 sewer planning/SSES	3.25%	1/1/2031	218,954
Group 6 sewer design	3.25%	1/1/2030	175,825
Group 4 sewer separation	3.53%	1/1/2031	3,144,942
Group 5 design	4.14%	1/1/2031	92,499
Group 31A river intrusion elimination project	4.14%	1/1/2031	249,281
Group 6 sewer separation	3.70%	1/1/2031	1,031,220
Group 5 sewer separation	3.25%	1/1/2031	1,625,616
Group 12/14 sewer planning	2.62%	7/1/2031	267,113
LTCP planning	3.28%	1/1/2034	301,142
Group 14/15 sewer separation	2.45%	1/1/2034	1,337,914
2012 CSO long-term control planning	2.69%	1/1/2034	261,941
CSO LTCP planning pace - year 2013	2.38%	7/1/2035	345,010
Group 13 inflow reduction	3.40%	7/1/2034	225,536
CSO LTCP planning - year 2015	2.03%	1/1/2036	261,104
Auglaize interceptor sewer rehab	1.83%	1/1/2037	423,814
College Place inflow reduction CSO	0.00%	1/1/2039	959,466
East High Street inflow reduction CSO	0.00%	1/1/2039	2,284,414
Group 9.1 & 9.3 inflow reduction CSO - "Open"	0.00%	1/1/2041	1,268,460
UV Disinfection Improvements - "Open"	1.22%	7/1/2040	1,925,940
			<u>19,796,014</u>
<b><u>Water Fund:</u></b>			
Reservoir construction	4.09%	7/1/2037	4,760,789
WTP GAC Facility HAB - "Open"	0.00%	1/1/2042	9,269,143
			<u>14,029,932</u>
Total OWDA loans			<u>\$ 33,825,946</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 46.16 percent of net revenues and 22.72 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$37,202,375. Principal and interest paid for the current year was \$3,324,579, total net revenues were \$7,201,761 and total revenues were \$14,565,285.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 11 - 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, 2022):

<u>Year Ending</u>	Direct Borrowing		
	OWDA Loans Payable		
	Principal	Interest	Total
2023	\$ 1,886,349	\$ 567,266	\$ 2,453,615
2024	1,943,915	514,381	2,458,296
2025	2,003,492	459,650	2,463,142
2026	2,065,153	403,009	2,468,162
2027	2,128,968	344,390	2,473,358
2028 - 2032	7,825,396	888,628	8,714,024
2033 - 2037	3,306,387	199,109	3,505,496
2038 - 2039	202,743	-	202,743
Total	\$ 21,362,403	\$ 3,376,433	\$ 24,738,836

OPWC Loans

Improvements to the City’s water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2022, the City has the following loan outstanding with OPWC:

	Interest Rate	Maturity Date	Balance Outstanding 12/31/2022
<b><u>Water Fund:</u></b>			
OPWC loan	0.00%	1/1/2038	\$ 1,912,754
Total OPWC loans			\$ 1,912,754

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, 2022

**NOTE 11 - 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
2023	\$ 123,403	\$ -	\$ 123,403
2024	123,404	-	123,404
2025	123,403	-	123,403
2026	123,404	-	123,404
2027	123,403	-	123,403
2028 - 2032	617,018	-	617,018
2033 - 2037	617,017	-	617,017
2038	61,702	-	61,702
Total	\$ 1,912,754	\$ -	\$ 1,912,754

**NOTE 12- 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 2022, 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 2022 totaled \$175,876.

For the plan year, which includes December 31, 2022, 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, 2022

**NOTE 12 - 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, 2022, the Pool had total reported assets of \$10,301,087. The 2022 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 2022, the City paid \$3,712,388 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2022 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 2022, the City made no payments to the Ohio Department of Job and Family Services for unemployment benefits claims.

**NOTE 13 - 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***

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - 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.

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 14 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.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment.

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



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. 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.

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

	State and Local
<b>2022 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2022 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$835,781 for 2022. Of this amount, \$106,895 is reported as due to other governments.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (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).

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.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>Police</u>	<u>Firefighters</u>
<b>2022 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2022 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$891,808 for 2022. Of this amount, \$108,850 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, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.03388100%	0.04044000%	0.09013100%	0.16033720%	
Proportion of the net pension liability/asset current measurement date	<u>0.03522900%</u>	<u>0.04083800%</u>	<u>0.08030400%</u>	<u>0.15854440%</u>	
Change in proportionate share	<u>0.00134800%</u>	<u>0.00039800%</u>	<u>-0.00982700%</u>	<u>-0.00179280%</u>	
Proportionate share of the net pension liability	\$ 3,065,066	\$ -	\$ -	\$ 9,904,937	\$ 12,970,003
Proportionate share of the net pension asset	-	(160,903)	(14,580)	-	(175,483)
Pension expense	(435,974)	(5,806)	(2,340)	729,196	285,076

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ 156,252	\$ 999	\$ 14,407	\$ 285,603	\$ 457,261
Changes of assumptions	383,283	8,089	491	1,810,195	2,202,058
Changes in employer's proportionate percentage/difference between employer contributions	382,451	-	-	645,989	1,028,440
Contributions subsequent to the measurement date	755,170	29,766	50,845	891,808	1,727,589
Total deferred outflows of resources	<u>\$ 1,677,156</u>	<u>\$ 38,854</u>	<u>\$ 65,743</u>	<u>\$ 3,633,594</u>	<u>\$ 5,415,347</u>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ 67,224	\$ 17,993	\$ -	\$ 514,922	\$ 600,139
Net difference between projected and actual earnings on pension plan investments	3,645,786	34,496	3,324	2,596,922	6,280,528
Changes in employer's proportionate percentage/difference between employer contributions	244,241	-	-	844,983	1,089,224
Total deferred inflows of resources	<u>\$ 3,957,251</u>	<u>\$ 52,489</u>	<u>\$ 3,324</u>	<u>\$ 3,956,827</u>	<u>\$ 7,969,891</u>

\$1,727,589 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/increase to the net pension liability/asset in the year ending December 31, 2023.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2023	\$ (392,196)	\$ (10,577)	\$ 1,450	\$ 31,509	\$ (369,814)
2024	(1,205,839)	(14,615)	1,081	(648,935)	(1,868,308)
2025	(857,271)	(9,585)	1,297	(442,061)	(1,307,620)
2026	(579,959)	(7,089)	1,350	(339,690)	(925,388)
2027	-	(938)	1,789	184,136	184,987
Thereafter	-	(597)	4,607	-	4,010
<b>Total</b>	<b>\$ (3,035,265)</b>	<b>\$ (43,401)</b>	<b>\$ 11,574</b>	<b>\$ (1,215,041)</b>	<b>\$ (4,282,133)</b>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, 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, 2021, are presented below.

Wage inflation

Current measurement date	2.75%
Prior measurement date	3.25%

Future salary increases, including inflation

Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation

COLA or ad hoc COLA

Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	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	6.90%
Prior measurement date	7.20%

Actuarial cost method

Individual entry age

In 2021, the Board’s actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, 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 MP2015 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, 2020.

During 2021, 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 of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

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

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, 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	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 6.90%, 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, 2021 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 6.90%, 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 (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 8,081,180	\$ 3,065,066	\$(1,109,009)
Combined Plan	(120,064)	(160,903)	(192,755)
Member-Directed Plan	(12,849)	(14,580)	(16,061)

**Actuarial Assumptions - OP&F**

OP&F’s total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	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

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8.0 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
<b>Total</b>	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2x



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 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 7.50%. 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 7.50%. 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City’s proportionate share of the net pension liability	\$ 14,688,884	\$ 9,904,937	\$ 5,921,091

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 13 for a description of the net OPEB liability/asset.

***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.

## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

#### **NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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 discontinued 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. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became 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.

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 2022, 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 2022, 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 2022 was 4.00%.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$20,338 for 2022. Of this amount, \$2,601 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.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. 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.

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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, 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 \$21,177 for 2022. Of this amount, \$2,585 is reported as due to other governments.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

***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, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03631100%	0.16033720%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03720900%</u>	<u>0.15854440%</u>	
Change in proportionate share	<u>0.00089800%</u>	<u>-0.00179280%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 1,737,783	\$ 1,737,783
Proportionate share of the net OPEB asset	(1,165,443)	-	(1,165,443)
OPEB expense	(1,010,794)	148,754	(862,040)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 79,054	\$ 79,054
Changes of assumptions	-	769,199	769,199
Changes in employer's proportionate percentage/difference between employer contributions	191,044	144,060	335,104
Contributions subsequent to the measurement date	20,338	21,177	41,515
Total deferred outflows of resources	<u>\$ 211,382</u>	<u>\$ 1,013,490</u>	<u>\$ 1,224,872</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

	OPERS	OP&F	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 176,780	\$ 229,673	\$ 406,453
Net difference between projected and actual earnings on OPEB plan investments	555,601	156,981	712,582
Changes of assumptions	471,757	201,832	673,589
Changes in employer's proportionate percentage/difference between employer contributions	182,501	122,879	305,380
Total deferred inflows of resources	<u>\$ 1,386,639</u>	<u>\$ 711,365</u>	<u>\$ 2,098,004</u>

\$41,515 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/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2023	\$ (743,554)	\$ 82,495	\$ (661,059)
2024	(250,853)	59,194	(191,659)
2025	(121,396)	68,885	(52,511)
2026	(79,792)	18,356	(61,436)
2027	-	30,564	30,564
Thereafter	-	21,454	21,454
Total	<u>\$ (1,195,595)</u>	<u>\$ 280,948</u>	<u>\$ (914,647)</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 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.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

For 2020, 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 RP2014 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.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

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. Best estimates of geometric rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	<u>3.45 %</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, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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 1.84%. 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 14 - 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 asset 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	\$ 685,390	\$ 1,165,443	\$ 1,563,894

***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 with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. 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 the health care 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	\$ 1,178,037	\$ 1,165,443	\$ 1,150,502

***Changes between Measurement Date and Reporting Date*** - Effective January 1, 2022, OPERS discontinued 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.

***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8% for the 2020 measurement period to 7.5% for the 2021 measurement period. 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 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 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, 2022

**NOTE 14 - 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 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
<b>Total</b>	<b>125.00 %</b>	

Note: assumptions are geometric.

\* levered 2x

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

**Discount Rate** - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50% for 2021 and 8% for 2020, which resulted in a blended discount rate of 2.84% for 2021 and 2.96% for 2020.

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 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,184,432	\$ 1,737,783	\$ 1,370,637

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

*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 15 - 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).

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

**Net Change in Fund Balance**

	General	Police and Fire
Budget basis	\$ 685,570	\$ (385,245)
Net adjustment for revenue accruals	(438,194)	15,361
Net adjustment for expenditure accruals	694,281	(48,771)
Net adjustment for other sources/uses	(804,784)	27,090
Funds budgeted elsewhere	(46,257)	-
Adjustment for encumbrances	211,745	29,703
GAAP basis	\$ 302,361	\$ (361,862)

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 16 - 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</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
CDBG loans	\$ 541,059	\$ 590,000	\$ (350,712)	\$ 780,347

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

**NOTE 17- 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, 2022.

**B. Litigation**

At December 31, 2022, 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, 2022.

**NOTE 18 - CONTRACTUAL COMMITMENTS**

At December 31, 2022, the City had the following outstanding contractual commitments:

<u>Vendor</u>	<u>Contract</u> <u>Amount</u>	<u>Amount Paid</u>	<u>Amount</u> <u>Outstanding</u>
Mannik & Smith Group	\$ 384,176	\$ 357,042	\$ 27,134
Hillabrand & Sons Construction	3,189,620	1,583,101	1,606,519
Biohabitats, Inc	220,255	176,575	43,680
Stantec Consulting Services, Inc.	880,750	829,657	51,093
Total contractual commitments	<u>\$ 4,674,801</u>	<u>\$ 2,946,375</u>	<u>\$ 1,728,426</u>

**NOTE 19 - 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</u> <u>Encumbrances</u>
General	\$ 149,788
Capital improvement	1,367,068
Nonmajor governmental funds	<u>1,816,915</u>
Total	<u>\$ 3,333,771</u>

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 20 - 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	\$ -	\$ -	\$ -	\$ 60,230	\$ 60,230
Unclaimed monies	22,199	-	-	-	22,199
Total nonspendable	<u>22,199</u>	<u>-</u>	<u>-</u>	<u>60,230</u>	<u>82,429</u>
Restricted:					
Debt service	-	-	-	647,486	647,486
Capital projects	-	-	-	1,271	1,271
Street construction, maintenance & repair	-	-	-	367,600	367,600
Police and fire pension	-	-	-	38,875	38,875
Court programs	-	-	-	227,539	227,539
Probation programs	-	-	-	172,523	172,523
Police and fire programs	-	106,599	-	280,123	386,722
Revolving loan program	-	-	-	1,576,594	1,576,594
Museum trust	-	-	-	643,133	643,133
Other purposes	-	-	-	1,088,013	1,088,013
Total restricted	<u>-</u>	<u>106,599</u>	<u>-</u>	<u>5,043,157</u>	<u>5,149,756</u>
Committed:					
Capital projects	-	-	3,376,671	-	3,376,671
Other purposes	-	-	-	16,320	16,320
Total committed	<u>-</u>	<u>-</u>	<u>3,376,671</u>	<u>16,320</u>	<u>3,392,991</u>
Assigned:					
Subsequent year appropriations	543,835	-	-	-	543,835
Debt Service	-	-	-	4	4
Health Care Trust	229,416	-	-	-	229,416
Other purposes	149,787	-	-	-	149,787
Total assigned	<u>923,038</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>923,042</u>
Unassigned	<u>6,023,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,023,436</u>
Total fund balances	<u>\$ 6,968,673</u>	<u>\$ 106,599</u>	<u>\$ 3,376,671</u>	<u>\$ 5,119,711</u>	<u>\$ 15,571,654</u>

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 21 - 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 2022 was \$3,342,620. The total value of taxes abated for 2022 was \$10,028.

**NOTE 22 - 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.

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 NINE YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.035229%	0.033881%	0.034490%	0.035258%
City's proportionate share of the net pension liability	\$ 3,065,066	\$ 5,017,038	\$ 6,817,182	\$ 9,656,450
City's covered payroll	\$ 5,133,186	\$ 4,773,636	\$ 4,918,264	\$ 4,746,564
City's proportionate share of the net pension liability as a percentage of its covered payroll	59.71%	105.10%	138.61%	203.44%
Plan fiduciary net position as a percentage of the total pension liability	96.62%	86.88%	82.17%	74.70%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.040838%	0.040440%	0.036882%	0.032406%
City's proportionate share of the net pension asset	\$ 160,903	\$ 116,736	\$ 76,908	\$ 36,237
City's covered payroll	\$ 186,179	\$ 178,221	\$ 164,179	\$ 138,600
City's proportionate share of the net pension asset as a percentage of its covered payroll	86.42%	65.50%	46.84%	26.15%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%	126.64%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.080304%	0.090131%	0.091341%	0.092982%
City's proportionate share of the net pension asset	\$ 14,580	\$ 16,430	\$ 3,453	\$ 2,119
City's covered payroll	\$ 503,460	\$ 541,310	\$ 542,960	\$ 531,520
City's proportionate share of the net pension asset as a percentage of its covered payroll	2.90%	3.04%	0.64%	0.40%
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%	113.42%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.034730%	0.033093%	0.032196%	0.032678%	0.032678%
\$ 5,448,464	\$ 7,514,858	\$ 5,576,753	\$ 3,941,332	\$ 3,852,309
\$ 4,650,831	\$ 4,316,075	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092
117.15%	174.11%	137.49%	101.81%	101.13%
84.66%	77.25%	81.08%	86.45%	86.36%
0.032495%	0.051442%	0.057060%	0.054957%	0.054957%
\$ 44,236	\$ 28,631	\$ 27,767	\$ 21,160	\$ 5,767
\$ 133,085	\$ 200,242	\$ 193,458	\$ 200,892	\$ 173,162
33.24%	14.30%	14.35%	10.53%	3.33%
137.28%	116.55%	116.90%	114.83%	104.56%
0.090880%	0.092801%	0.088535%	n/a	n/a
\$ 3,172	\$ 387	\$ 338	n/a	n/a
\$ 498,100	\$ 381,383	\$ 493,075	n/a	n/a
0.64%	0.10%	0.07%	n/a	n/a
124.45%	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 NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.15854440%	0.16033720%	0.17691640%	0.15648300%
City's proportionate share of the net pension liability	\$ 9,904,937	\$ 10,930,331	\$ 11,918,034	\$ 12,773,148
City's covered payroll	\$ 4,082,844	\$ 3,948,534	\$ 4,305,269	\$ 3,553,488
City's proportionate share of the net pension liability as a percentage of its covered payroll	242.60%	276.82%	276.82%	359.45%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.15382600%	0.15463300%	0.15285400%	0.14738390%	0.14738390%
\$ 9,440,974	\$ 9,794,294	\$ 9,833,171	\$ 7,635,101	\$ 7,178,059
\$ 3,400,922	\$ 3,380,349	\$ 3,147,448	\$ 2,851,291	\$ 2,710,020
277.60%	289.74%	312.42%	267.78%	264.87%
70.91%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 755,170	\$ 718,646	\$ 668,309	\$ 688,557
Contributions in relation to the contractually required contribution	<u>(755,170)</u>	<u>(718,646)</u>	<u>(668,309)</u>	<u>(688,557)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,394,071	\$ 5,133,186	\$ 4,773,636	\$ 4,918,264
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 29,766	\$ 26,065	\$ 24,951	\$ 22,985
Contributions in relation to the contractually required contribution	<u>(29,766)</u>	<u>(26,065)</u>	<u>(24,951)</u>	<u>(22,985)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 212,614	\$ 186,179	\$ 178,221	\$ 164,179
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 50,845	\$ 50,346	\$ 54,131	\$ 54,296
Contributions in relation to the contractually required contribution	<u>(50,845)</u>	<u>(50,346)</u>	<u>(54,131)</u>	<u>(54,296)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 508,450	\$ 503,460	\$ 541,310	\$ 542,960
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 664,519	\$ 604,608	\$ 517,929	\$ 486,721	\$ 464,542	\$ 495,182
<u>(664,519)</u>	<u>(604,608)</u>	<u>(517,929)</u>	<u>(486,721)</u>	<u>(464,542)</u>	<u>(495,182)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,746,564	\$ 4,650,831	\$ 4,316,075	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 19,404	\$ 17,301	\$ 24,029	\$ 23,215	\$ 24,107	\$ 22,511
<u>(19,404)</u>	<u>(17,301)</u>	<u>(24,029)</u>	<u>(23,215)</u>	<u>(24,107)</u>	<u>(22,511)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 138,600	\$ 133,085	\$ 200,242	\$ 193,458	\$ 200,892	\$ 173,162
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 53,152	\$ 49,810	\$ 45,766	\$ 59,169		
<u>(53,152)</u>	<u>(49,810)</u>	<u>(45,766)</u>	<u>(59,169)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 531,520	\$ 498,100	\$ 381,383	\$ 493,075		
10.00%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 437,044	\$ 418,888	\$ 403,773	\$ 413,167
Contributions in relation to the contractually required contribution	<u>(437,044)</u>	<u>(418,888)</u>	<u>(403,773)</u>	<u>(413,167)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,300,232	\$ 2,204,674	\$ 2,125,121	\$ 2,174,563
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 454,764	\$ 441,370	\$ 428,502	\$ 500,716
Contributions in relation to the contractually required contribution	<u>(454,764)</u>	<u>(441,370)</u>	<u>(428,502)</u>	<u>(500,716)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,935,166	\$ 1,878,170	\$ 1,823,413	\$ 2,130,706
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 374,164	\$ 357,329	\$ 356,195	\$ 326,523	\$ 304,580	\$ 253,276
<u>(374,164)</u>	<u>(357,329)</u>	<u>(356,195)</u>	<u>(326,523)</u>	<u>(304,580)</u>	<u>(253,276)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,969,284	\$ 1,880,679	\$ 1,874,711	\$ 1,718,542	\$ 1,603,053	\$ 1,594,602
19.00%	19.00%	19.00%	19.00%	19.00%	15.88%
\$ 372,288	\$ 357,257	\$ 353,825	\$ 335,793	\$ 293,336	\$ 227,254
<u>(372,288)</u>	<u>(357,257)</u>	<u>(353,825)</u>	<u>(335,793)</u>	<u>(293,336)</u>	<u>(227,254)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,584,204	\$ 1,520,243	\$ 1,505,638	\$ 1,428,906	\$ 1,248,238	\$ 1,114,901
23.50%	23.50%	23.50%	23.50%	23.50%	20.38%

**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 SIX YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB liability/asset	0.037209%	0.036311%	0.036801%	0.037452%
City's proportionate share of the net OPEB liability/(asset)	\$ (1,165,443)	\$ (646,910)	\$ 5,083,174	\$ 4,882,857
City's covered payroll	\$ 5,822,825	\$ 5,493,167	\$ 5,625,403	\$ 5,416,684
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	20.02%	11.78%	90.36%	90.14%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

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



	<u>2018</u>	<u>2017</u>
	0.036860%	0.035763%
\$	4,002,723	\$ 3,612,247
\$	5,282,016	\$ 4,897,700
	75.78%	73.75%
	54.14%	54.05%

**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 SIX YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB liability	0.15854440%	0.16033720%	0.17691640%	0.15648300%
City's proportionate share of the net OPEB liability	\$ 1,737,783	\$ 1,698,799	\$ 1,747,532	\$ 1,425,018
City's covered payroll	\$ 4,082,844	\$ 3,948,534	\$ 4,305,269	\$ 3,553,488
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.56%	43.02%	40.59%	40.10%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%

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

<u>2018</u>	<u>2017</u>
0.15826000%	0.15463300%
\$ 8,715,549	\$ 7,340,081
\$ 3,400,922	\$ 3,380,349
256.27%	217.14%
14.13%	15.96%

**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 20,338	\$ 20,139	\$ 21,653	\$ 21,718
Contributions in relation to the contractually required contribution	<u>(20,338)</u>	<u>(20,139)</u>	<u>(21,653)</u>	<u>(21,718)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,115,135	\$ 5,822,825	\$ 5,493,167	\$ 5,625,403
Contributions as a percentage of covered payroll	0.33%	0.35%	0.39%	0.39%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 21,260	\$ 67,763	\$ 112,005	\$ 84,989	\$ 84,007	\$ 39,823
<u>(21,260)</u>	<u>(67,763)</u>	<u>(112,005)</u>	<u>(84,989)</u>	<u>(84,007)</u>	<u>(39,823)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,416,684	\$ 5,282,016	\$ 4,897,700	\$ 4,742,541	\$ 4,072,075	\$ 3,982,254
0.39%	1.28%	2.29%	1.79%	2.06%	1.00%

**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 11,501	\$ 11,023	\$ 10,626	\$ 10,873
Contributions in relation to the contractually required contribution	<u>(11,501)</u>	<u>(11,023)</u>	<u>(10,626)</u>	<u>(10,873)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,300,232	\$ 2,204,674	\$ 2,125,121	\$ 2,174,563
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 9,676	\$ 9,391	\$ 9,117	\$ 10,654
Contributions in relation to the contractually required contribution	<u>(9,676)</u>	<u>(9,391)</u>	<u>(9,117)</u>	<u>(10,654)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,935,166	\$ 1,878,170	\$ 1,823,413	\$ 2,130,706
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 9,846	\$ 9,403	\$ 9,374	\$ 8,825	\$ 8,427	\$ 52,900
<u>(9,846)</u>	<u>(9,403)</u>	<u>(9,374)</u>	<u>(8,825)</u>	<u>(8,427)</u>	<u>(52,900)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,969,284	\$ 1,880,679	\$ 1,874,711	\$ 1,718,542	\$ 1,603,053	\$ 1,594,602
0.50%	0.50%	0.50%	0.50%	0.53%	3.32%
\$ 7,921	\$ 7,601	\$ 7,528	\$ 7,145	\$ 6,432	\$ 37,212
<u>(7,921)</u>	<u>(7,601)</u>	<u>(7,528)</u>	<u>(7,145)</u>	<u>(6,432)</u>	<u>(37,212)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,584,204	\$ 1,520,243	\$ 1,505,638	\$ 1,428,906	\$ 1,248,238	\$ 1,114,901
0.50%	0.50%	0.50%	0.50%	0.52%	3.34%

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- 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.
- There were no changes in benefit terms from the amounts reported for 2022.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 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.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)



CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

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*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.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- 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.
- There were no changes in benefit terms from the amounts reported for 2022.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, 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 8.25% 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.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.

(Continued)

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 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.
- There were no changes in benefit terms from the amounts reported for 2022.

*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 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

**CITY OF DEFIANCE, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*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.
- There were no changes in benefit terms from the amounts reported for 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.
- There were no changes in benefit terms from the amounts reported for 2022.

*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% up 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%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

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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.

***Cable TV - Franchise Fund***

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

**CITY OF DEFIANCE, OHIO**

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**Nonmajor Special Revenue Funds (Continued)**

***Revolving Loan - Industrial Fund***

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

***Peace Officer Training Fund***

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

***Reservoir Enhancement Fund***

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

***Riverside Cemetery Enhancement Fund***

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

***Hotel/Motel Tax Fund***

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

***Museum Trust Fund***

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

***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.

***Park and Recreation Trust Fund***

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

***Probation Incentive Grant***

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

***Local Coronavirus Relief Fund***

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

***Opioid Settlement Fund***

This fund accounts for monies related to a statewide opioid settlement meant to help combat the opioid epidemic.

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, 2022

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 7,786,370	\$ 7,786,370	\$ 8,795,712	\$ 1,009,342
Property and other local taxes . . . . .	649,940	649,940	665,551	15,611
Charges for services . . . . .	750,990	750,990	886,363	135,373
Licenses, permits and fees . . . . .	103,500	103,500	137,507	34,007
Fines and forfeitures . . . . .	322,600	322,600	327,237	4,637
Intergovernmental . . . . .	597,905	597,905	530,999	(66,906)
Investment income . . . . .	83,500	83,500	81,660	(1,840)
Rental income. . . . .	3,200	3,200	5,800	2,600
Donations. . . . .	-	-	1,030	1,030
Other . . . . .	68,660	68,660	215,059	146,399
<b>Total revenues . . . . .</b>	<u>10,366,665</u>	<u>10,366,665</u>	<u>11,646,918</u>	<u>1,280,253</u>
<b>Expenditures:</b>				
Current:				
General Government:				
City Council:				
Salaries and wages . . . . .	102,950	107,985	104,906	3,079
Operating . . . . .	32,349	33,932	32,964	968
<b>Total city council . . . . .</b>	<u>135,299</u>	<u>141,917</u>	<u>137,870</u>	<u>4,047</u>
Municipal Court:				
Salaries and wages . . . . .	911,574	956,160	928,895	27,265
Operating . . . . .	52,586	55,158	53,585	1,573
<b>Total municipal court . . . . .</b>	<u>964,160</u>	<u>1,011,318</u>	<u>982,480</u>	<u>28,838</u>
County Law Library:				
Operating . . . . .	25,952	27,221	26,445	776
<b>Total county law library . . . . .</b>	<u>25,952</u>	<u>27,221</u>	<u>26,445</u>	<u>776</u>
Mayor:				
Salaries and wages . . . . .	167,408	175,596	170,589	5,007
Operating . . . . .	10,527	11,042	10,727	315
<b>Total mayor. . . . .</b>	<u>177,935</u>	<u>186,638</u>	<u>181,316</u>	<u>5,322</u>
City Administrator:				
Salaries and wages . . . . .	232,887	244,278	237,312	6,966
Operating . . . . .	52,396	54,959	53,392	1,567
<b>Total city administrator . . . . .</b>	<u>285,283</u>	<u>299,237</u>	<u>290,704</u>	<u>8,533</u>
Finance Department:				
Salaries and wages . . . . .	471,987	495,072	480,955	14,117
Operating . . . . .	124,740	130,841	127,110	3,731
<b>Total finance department. . . . .</b>	<u>596,727</u>	<u>625,913</u>	<u>608,065</u>	<u>17,848</u>
County and State Charges:				
Operating . . . . .	126,523	132,711	128,927	3,784
<b>Total county and state charges. . . . .</b>	<u>126,523</u>	<u>132,711</u>	<u>128,927</u>	<u>3,784</u>
Law Department:				
Salaries and wages . . . . .	345,323	362,213	351,884	10,329
Operating . . . . .	18,907	19,832	19,266	566
<b>Total law department. . . . .</b>	<u>364,230</u>	<u>382,045</u>	<u>371,150</u>	<u>10,895</u>

**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, 2022

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civil Service:				
Salaries and wages . . . . .	\$ 9,077	\$ 9,520	\$ 9,249	\$ 271
Operating . . . . .	35,310	37,037	35,981	1,056
Total civil service . . . . .	44,387	46,557	45,230	1,327
Land and Buildings:				
Salaries and wages . . . . .	188,708	197,938	192,294	5,644
Operating . . . . .	563,448	591,008	574,154	16,854
Total land and buildings . . . . .	752,156	788,946	766,448	22,498
Insurance Pool:				
Operating . . . . .	187,875	197,064	191,445	5,619
Total insurance pool . . . . .	187,875	197,064	191,445	5,619
Income Tax Collection and Distribution:				
Salaries and wages . . . . .	102,758	107,784	104,710	3,074
Operating . . . . .	363,720	381,510	370,631	10,879
Total income tax collection and distribution . . . . .	466,478	489,294	475,341	13,953
Total General Government . . . . .	4,127,005	4,328,861	4,205,421	123,440
Public Health and Welfare:				
Cemetery:				
Salaries and wages . . . . .	334,855	351,234	341,183	10,051
Operating . . . . .	129,387	135,715	131,832	3,883
Total cemetery . . . . .	464,242	486,949	473,015	13,934
Total Public Health and Welfare . . . . .	464,242	486,949	473,015	13,934
Community Environment:				
Building Inspection:				
Salaries and wages . . . . .	133,871	140,419	130,453	9,966
Operating . . . . .	43,149	45,259	42,047	3,212
Total building inspection . . . . .	177,020	185,678	172,500	13,178
Engineering:				
Salaries and wages . . . . .	761,219	798,452	741,785	56,667
Operating . . . . .	83,729	87,824	81,591	6,233
Total engineering . . . . .	844,948	886,276	823,376	62,900
Economic Development:				
Total Community Environment . . . . .	1,021,968	1,071,954	995,876	76,078
Leisure Time Activity:				
Parks and Recreation:				
Salaries and wages . . . . .	458,151	480,560	444,673	35,887
Operating . . . . .	458,003	480,404	444,529	35,875
Total parks and recreation . . . . .	916,154	960,964	889,202	71,762
Total Leisure Time Activity . . . . .	916,154	960,964	889,202	71,762

- - Continued

**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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Economic Development:				
Development Department:				
Operating . . . . .	\$ 141,575	\$ 148,500	\$ 136,274	\$ 12,226
Total development department . . . . .	141,575	148,500	136,274	12,226
Total Economic Development . . . . .	141,575	148,500	136,274	12,226
Total expenditures . . . . .	6,670,944	6,997,228	6,699,788	297,440
Excess of revenues over expenditures . . . . .	3,695,721	3,369,437	4,947,130	1,577,693
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	40,000	40,000	48,459	8,459
Transfers in. . . . .	894,000	894,000	894,000	-
Transfers (out). . . . .	(4,961,353)	(5,204,019)	(5,204,019)	-
Total other financing sources (uses). . . . .	(4,027,353)	(4,270,019)	(4,261,560)	8,459
Net change in fund balance. . . . .	(331,632)	(900,582)	685,570	1,586,152
<b>Fund balance at beginning of year. . . . .</b>	5,375,147	5,375,147	5,375,147	-
<b>Prior year encumbrances appropriated . . . . .</b>	92,523	92,523	92,523	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,136,038</u>	<u>\$ 4,567,088</u>	<u>\$ 6,153,240</u>	<u>\$ 1,586,152</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 2,058,172	\$ 2,139,730	\$ 2,208,866	\$ 69,136
Intergovernmental . . . . .	9,956	10,350	85,906	75,556
Other . . . . .	66,197	68,820	267	(68,553)
Total revenues . . . . .	<u>2,134,325</u>	<u>2,218,900</u>	<u>2,295,039</u>	<u>76,139</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Salaries and wages . . . . .	3,263,727	3,373,064	3,337,591	35,473
Operating . . . . .	476,079	492,028	486,854	5,174
Total police . . . . .	<u>3,739,806</u>	<u>3,865,092</u>	<u>3,824,445</u>	<u>40,647</u>
Fire:				
Salaries and wages . . . . .	2,639,848	2,728,285	2,699,593	28,692
Operating . . . . .	364,986	377,213	373,246	3,967
Total fire. . . . .	<u>3,004,834</u>	<u>3,105,498</u>	<u>3,072,839</u>	<u>32,659</u>
Total expenditures . . . . .	<u>6,744,640</u>	<u>6,970,590</u>	<u>6,897,284</u>	<u>73,306</u>
Excess of expenditures over revenues . . . . .	<u>(4,610,315)</u>	<u>(4,751,690)</u>	<u>(4,602,245)</u>	<u>149,445</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	4,056,265	4,217,000	4,217,000	-
Total other financing sources . . . . .	<u>4,056,265</u>	<u>4,217,000</u>	<u>4,217,000</u>	<u>-</u>
Net change in fund balance . . . . .	(554,050)	(534,690)	(385,245)	149,445
<b>Fund balance at beginning of year . . . . .</b>	513,027	513,027	513,027	-
<b>Prior year encumbrances appropriated. . . . .</b>	41,900	41,900	41,900	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 877</u>	<u>\$ 20,237</u>	<u>\$ 169,682</u>	<u>\$ 149,445</u>

**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, 2022

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,190,446	\$ 1,954,770	\$ 2,208,866	\$ 254,096
Intergovernmental. . . . .	1,371,957	2,252,820	1,228,069	(1,024,751)
Donations. . . . .	18,270	30,000	38,524	8,524
Other . . . . .	-	-	52,114	52,114
Total revenues . . . . .	<u>2,580,673</u>	<u>4,237,590</u>	<u>3,527,573</u>	<u>(710,017)</u>
<b>Expenditures:</b>				
Current:				
Capital Outlay:				
Operating . . . . .	4,786,612	5,120,258	4,948,990	171,268
Total capital outlay . . . . .	<u>4,786,612</u>	<u>5,120,258</u>	<u>4,948,990</u>	<u>171,268</u>
Debt Service:				
Principal retirement . . . . .	40,622	43,453	42,000	1,453
Interest and fiscal charges . . . . .	2,335	2,498	2,414	84
Total debt service. . . . .	<u>42,957</u>	<u>45,951</u>	<u>44,414</u>	<u>1,537</u>
Total expenditures. . . . .	<u>4,829,569</u>	<u>5,166,209</u>	<u>4,993,404</u>	<u>172,805</u>
Excess of expenditures over revenues. . . . .	<u>(2,248,896)</u>	<u>(928,619)</u>	<u>(1,465,831)</u>	<u>(537,212)</u>
<b>Other financing sources (uses):</b>				
Bonds issuance . . . . .	1,349,417	2,215,809	2,208,467	(7,342)
Total other financing sources (uses) . . . . .	<u>1,349,417</u>	<u>2,215,809</u>	<u>2,208,467</u>	<u>(7,342)</u>
Net change in fund balance. . . . .	(899,479)	1,287,190	742,636	(544,554)
<b>Fund balance at beginning of year. . . . .</b>	590,110	590,110	590,110	-
<b>Prior year encumbrances appropriated . . . . .</b>	466,687	466,687	466,687	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 157,318</u>	<u>\$ 2,343,987</u>	<u>\$ 1,799,433</u>	<u>\$ (544,554)</u>

**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 4,529,177	\$ 647,490	\$ 1,271	\$ 5,177,938
Cash in segregated accounts . . . . .	624,556	-	-	624,556
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	4,735	-	-	4,735
Property and other local taxes. . . . .	276,217	-	-	276,217
Accounts . . . . .	69,688	-	-	69,688
Loans receivable. . . . .	780,347	-	-	780,347
Special assessments. . . . .	-	114,317	-	114,317
Accrued interest. . . . .	2,870	-	-	2,870
Due from other governments . . . . .	541,204	-	-	541,204
Materials and supplies inventory . . . . .	60,230	-	-	60,230
Total assets . . . . .	<u>\$ 6,889,024</u>	<u>\$ 761,807</u>	<u>\$ 1,271</u>	<u>\$ 7,652,102</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 34,078	\$ -	\$ -	\$ 34,078
Accrued wages and benefits payable. . . . .	27,841	-	-	27,841
Due to other governments . . . . .	57,144	-	-	57,144
Unearned revenue . . . . .	1,749,385	-	-	1,749,385
Total liabilities . . . . .	<u>1,868,448</u>	<u>-</u>	<u>-</u>	<u>1,868,448</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	185,000	-	-	185,000
Accrued interest not available. . . . .	1,267	-	-	1,267
Special assessments revenue not available. . . . .	-	114,317	-	114,317
Income tax revenue not available . . . . .	1,205	-	-	1,205
Intergovernmental revenue not available . . . . .	362,154	-	-	362,154
Total deferred inflows of resources. . . . .	<u>549,626</u>	<u>114,317</u>	<u>-</u>	<u>663,943</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	60,230	-	-	60,230
Restricted . . . . .	4,394,400	647,486	1,271	5,043,157
Committed. . . . .	16,320	-	-	16,320
Assigned. . . . .	-	4	-	4
Total fund balances. . . . .	<u>4,470,950</u>	<u>647,490</u>	<u>1,271</u>	<u>5,119,711</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 6,889,024</u>	<u>\$ 761,807</u>	<u>\$ 1,271</u>	<u>\$ 7,652,102</u>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 37,433	\$ -	\$ -	\$ 37,433
Property and other local taxes . . . . .	598,326	-	-	598,326
Licenses, permits and fees . . . . .	202,351	-	-	202,351
Fines and forfeitures . . . . .	258,217	-	-	258,217
Intergovernmental . . . . .	1,932,000	-	-	1,932,000
Special assessments . . . . .	-	105,402	-	105,402
Investment income . . . . .	24,794	-	-	24,794
Donations . . . . .	33,612	-	12,500	46,112
Increase in fair value of investments . . . . .	(99,562)	-	-	(99,562)
Other . . . . .	197,969	-	-	197,969
Total revenues . . . . .	<u>3,185,140</u>	<u>105,402</u>	<u>12,500</u>	<u>3,303,042</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	659,311	3,229	-	662,540
Security of persons and property . . . . .	1,134,527	-	-	1,134,527
Public health and welfare . . . . .	-	-	-	-
Transportation . . . . .	1,205,462	-	-	1,205,462
Leisure time activity . . . . .	-	-	-	-
Economic development . . . . .	116,643	-	-	116,643
Capital outlay . . . . .	119,122	-	-	119,122
Debt service:				
Principal retirement . . . . .	236,038	235,363	188,000	659,401
Interest and fiscal charges . . . . .	4,972	45,714	10,849	61,535
Total expenditures . . . . .	<u>3,476,075</u>	<u>284,306</u>	<u>198,849</u>	<u>3,959,230</u>
Excess of expenditures over revenues . . . . .	<u>(290,935)</u>	<u>(178,904)</u>	<u>(186,349)</u>	<u>(656,188)</u>
<b>Other financing sources (uses):</b>				
Capital lease transaction . . . . .	33,879	-	-	33,879
Transfers in . . . . .	690,000	180,008	182,500	1,052,508
Transfers (out) . . . . .	(50,000)	-	-	(50,000)
Total other financing sources (uses) . . . . .	<u>673,879</u>	<u>180,008</u>	<u>182,500</u>	<u>1,036,387</u>
Net change in fund balances . . . . .	382,944	1,104	(3,849)	380,199
<b>Fund balances at beginning of year (restated).</b>	4,088,006	646,386	5,120	4,739,512
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,470,950</u>	<u>\$ 647,490</u>	<u>\$ 1,271</u>	<u>\$ 5,119,711</u>



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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2022

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Court Technology Grant
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 147,973	\$ 59,586	\$ 267,512	\$ 44,055
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	4,735	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	-	-	-	-
Loans receivable. . . . .	-	-	-	-
Accrued interest. . . . .	351	-	634	-
Due from other governments . . . . .	38,915	-	489,689	-
Materials and supplies inventory . . . . .	-	-	60,230	-
Total assets. . . . .	<u>\$ 187,239</u>	<u>\$ 59,586</u>	<u>\$ 822,800</u>	<u>\$ 44,055</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 248	\$ -	\$ 31,276	\$ -
Accrued wages and benefits payable. . . . .	-	-	27,841	-
Due to other governments . . . . .	-	-	11,030	-
Unearned revenue . . . . .	-	-	-	-
Total liabilities . . . . .	<u>248</u>	<u>-</u>	<u>70,147</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	-	-	-	-
Accrued interest not available . . . . .	155	-	280	-
Income tax revenue not available . . . . .	-	-	1,205	-
Intergovernmental revenue not available . . . . .	26,216	-	323,338	-
Total deferred inflows of resources. . . . .	<u>26,371</u>	<u>-</u>	<u>324,823</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	60,230	-
Restricted . . . . .	160,620	59,586	367,600	44,055
Committed. . . . .	-	-	-	-
Total fund balances . . . . .	<u>160,620</u>	<u>59,586</u>	<u>427,830</u>	<u>44,055</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 187,239</u>	<u>\$ 59,586</u>	<u>\$ 822,800</u>	<u>\$ 44,055</u>

<b>Indigent Drivers</b>	<b>Municipal Probation Services</b>	<b>Probation Grant</b>	<b>Court Computerization</b>	<b>Tree of Life</b>	<b>Special Project</b>
\$ 31,197	\$ 125,045	\$ 9,143	\$ 276,624	\$ 4,704	\$ 202,885
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
725	2,076	-	1,626	-	13,184
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 31,922</u>	<u>\$ 127,121</u>	<u>\$ 9,143</u>	<u>\$ 278,250</u>	<u>\$ 4,704</u>	<u>\$ 216,069</u>
\$ 1,641	\$ 139	\$ 63	\$ 711	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,641</u>	<u>139</u>	<u>63</u>	<u>711</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,281	126,982	9,080	277,539	-	216,069
-	-	-	-	4,704	-
<u>30,281</u>	<u>126,982</u>	<u>9,080</u>	<u>277,539</u>	<u>4,704</u>	<u>216,069</u>
<u>\$ 31,922</u>	<u>\$ 127,121</u>	<u>\$ 9,143</u>	<u>\$ 278,250</u>	<u>\$ 4,704</u>	<u>\$ 216,069</u>

- - Continued

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31, 2022

	<b>OVI Special Project</b>	<b>Cable TV - Franchise</b>	<b>Revolving Loan - Industrial</b>	<b>Peace Officer Training</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 263,864	\$ -	\$ 795,194	\$ 12,942
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	1,180	50,897	-	-
Loans receivable. . . . .	-	-	780,347	-
Accrued interest. . . . .	-	-	1,885	-
Due from other governments . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 265,044</u>	<u>\$ 50,897</u>	<u>\$ 1,577,426</u>	<u>\$ 12,942</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable. . . . .	-	-	-	-
Due to other governments . . . . .	-	-	-	-
Unearned revenue . . . . .	-	-	-	-
Total liabilities . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	-	-	-	-
Accrued interest not available . . . . .	-	-	832	-
Income tax revenue not available . . . . .	-	-	-	-
Intergovernmental revenue not available . . . . .	-	-	-	-
Total deferred inflows of resources. . . . .	<u>-</u>	<u>-</u>	<u>832</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	-	-
Restricted . . . . .	265,044	50,897	1,576,594	12,942
Committed. . . . .	-	-	-	-
Total fund balances . . . . .	<u>265,044</u>	<u>50,897</u>	<u>1,576,594</u>	<u>12,942</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 265,044</u>	<u>\$ 50,897</u>	<u>\$ 1,577,426</u>	<u>\$ 12,942</u>

<b>Reservoir Enhancement</b>	<b>Riverside Cemetery Enhancement</b>	<b>Hotel/Motel Tax</b>	<b>Museum Trust</b>	<b>Police Pension</b>	<b>Fire Pension</b>
\$ 300	\$ 7,082	\$ 140,641	\$ 18,577	\$ 30,022	\$ 8,853
-	-	-	624,556	-	-
-	-	-	-	-	-
-	-	91,217	-	92,500	92,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,300	6,300
-	-	-	-	-	-
<u>\$ 300</u>	<u>\$ 7,082</u>	<u>\$ 231,858</u>	<u>\$ 643,133</u>	<u>\$ 128,822</u>	<u>\$ 107,653</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	46,114	-	-	-
-	-	-	-	-	-
-	-	46,114	-	-	-
-	-	-	-	92,500	92,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,300	6,300
-	-	-	-	98,800	98,800
-	-	-	-	-	-
-	7,082	185,744	643,133	30,022	8,853
300	-	-	-	-	-
<u>300</u>	<u>7,082</u>	<u>185,744</u>	<u>643,133</u>	<u>30,022</u>	<u>8,853</u>
<u>\$ 300</u>	<u>\$ 7,082</u>	<u>\$ 231,858</u>	<u>\$ 643,133</u>	<u>\$ 128,822</u>	<u>\$ 107,653</u>

- - Continued

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31, 2022

	<b>Law Enforcement Trust</b>	<b>Fire and Rescue Trust</b>	<b>Fire Damage Repair</b>	<b>Park and Recreation Trust</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 60,082	\$ 111,819	\$ 108,222	\$ 11,316
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	-	-	-	-
Property and other local taxes. . . . .	-	-	-	-
Accounts . . . . .	-	-	-	-
Loans receivable. . . . .	-	-	-	-
Accrued interest. . . . .	-	-	-	-
Due from other governments . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 60,082</u>	<u>\$ 111,819</u>	<u>\$ 108,222</u>	<u>\$ 11,316</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable. . . . .	-	-	-	-
Due to other governments . . . . .	-	-	-	-
Unearned revenue . . . . .	-	-	-	-
Total liabilities . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year. . . . .	-	-	-	-
Accrued interest not available . . . . .	-	-	-	-
Income tax revenue not available . . . . .	-	-	-	-
Intergovernmental revenue not available . . . . .	-	-	-	-
Total deferred inflows of resources. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	-	-	-	-
Restricted . . . . .	60,082	111,819	108,222	-
Committed. . . . .	-	-	-	11,316
Total fund balances . . . . .	<u>60,082</u>	<u>111,819</u>	<u>108,222</u>	<u>11,316</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 60,082</u>	<u>\$ 111,819</u>	<u>\$ 108,222</u>	<u>\$ 11,316</u>

<b>Probation Incentive Grant</b>	<b>Local Coronavirus Relief</b>	<b>Opioid Settlement</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 36,461	\$ 1,749,385	\$ 5,693	\$ 4,529,177
-	-	-	624,556
-	-	-	4,735
-	-	-	276,217
-	-	-	69,688
-	-	-	780,347
-	-	-	2,870
-	-	-	541,204
-	-	-	60,230
<u>\$ 36,461</u>	<u>\$ 1,749,385</u>	<u>\$ 5,693</u>	<u>\$ 6,889,024</u>
\$ -	\$ -	\$ -	\$ 34,078
-	-	-	27,841
-	-	-	57,144
-	1,749,385	-	1,749,385
-	1,749,385	-	1,868,448
-	-	-	185,000
-	-	-	1,267
-	-	-	1,205
-	-	-	362,154
-	-	-	549,626
-	-	-	60,230
36,461	-	5,693	4,394,400
-	-	-	16,320
<u>36,461</u>	<u>-</u>	<u>5,693</u>	<u>4,470,950</u>
<u>\$ 36,461</u>	<u>\$ 1,749,385</u>	<u>\$ 5,693</u>	<u>\$ 6,889,024</u>

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<b>State Highway Improvements</b>	<b>Permissive Tax</b>	<b>Street Construction, Maintenance and Repair</b>	<b>Court Technology Grant</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ 37,433	\$ -
Property and other local taxes . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	-	-	-	-
Intergovernmental . . . . .	77,945	108,052	1,082,725	50,777
Investment income . . . . .	1,111	-	1,838	-
Donations. . . . .	-	-	-	-
Change in fair value of investments . . . . .	-	-	-	-
Other . . . . .	-	-	2,201	-
Total revenues. . . . .	<u>79,056</u>	<u>108,052</u>	<u>1,124,197</u>	<u>50,777</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	-	6,722
Security of persons and property. . . . .	-	-	-	-
Transportation . . . . .	61,761	54,451	1,089,250	-
Economic development . . . . .	-	-	-	-
Capital outlay. . . . .	-	-	119,122	-
Debt service:				
Principal retirement. . . . .	-	52,000	9,038	-
Interest and fiscal charges. . . . .	-	3,010	1,962	-
Total expenditures . . . . .	<u>61,761</u>	<u>109,461</u>	<u>1,219,372</u>	<u>6,722</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>17,295</u>	<u>(1,409)</u>	<u>(95,175)</u>	<u>44,055</u>
<b>Other financing sources (uses):</b>				
Capital lease transaction . . . . .	-	-	33,879	-
Transfers in . . . . .	-	-	-	-
Transfers (out) . . . . .	-	-	-	-
Total other financing sources (uses) . . . . .	<u>-</u>	<u>-</u>	<u>33,879</u>	<u>-</u>
Net change in fund balances . . . . .	17,295	(1,409)	(61,296)	44,055
<b>Fund balances at beginning of year (restated) .</b>	<u>143,325</u>	<u>60,995</u>	<u>489,126</u>	<u>-</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 160,620</u>	<u>\$ 59,586</u>	<u>\$ 427,830</u>	<u>\$ 44,055</u>



<b>Indigent Drivers</b>	<b>Municipal Probation Services</b>	<b>Probation Grant</b>	<b>Court Computerization</b>	<b>Tree of Life</b>	<b>Special Project</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
17,882	21,351	-	25,430	-	179,196
-	-	61,644	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	897	-	-	-	-
<u>17,882</u>	<u>22,248</u>	<u>61,644</u>	<u>25,430</u>	<u>-</u>	<u>179,196</u>
-	-	-	82,660	-	-
22,421	39,281	61,710	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	175,000
-	-	-	-	-	-
<u>22,421</u>	<u>39,281</u>	<u>61,710</u>	<u>82,660</u>	<u>-</u>	<u>175,000</u>
<u>(4,539)</u>	<u>(17,033)</u>	<u>(66)</u>	<u>(57,230)</u>	<u>-</u>	<u>4,196</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(4,539)	(17,033)	(66)	(57,230)	-	4,196
34,820	144,015	9,146	334,769	4,704	211,873
<u>\$ 30,281</u>	<u>\$ 126,982</u>	<u>\$ 9,080</u>	<u>\$ 277,539</u>	<u>\$ 4,704</u>	<u>\$ 216,069</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, 2022

	<b>OVI Special Project</b>	<b>Cable TV - Franchise</b>	<b>Revolving Loan - Industrial</b>	<b>Peace Officer Training</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Property and other local taxes . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	-	202,351	-	-
Fines and forfeitures . . . . .	9,019	-	-	-
Intergovernmental . . . . .	-	-	400,000	11,374
Investment income . . . . .	-	-	21,802	-
Donations. . . . .	-	-	-	-
Change in fair value of investments . . . . .	-	-	-	-
Other . . . . .	8,474	-	110,408	-
<b>Total revenues. . . . .</b>	<b>17,493</b>	<b>202,351</b>	<b>532,210</b>	<b>11,374</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	203,171	-	-
Security of persons and property. . . . .	-	-	-	5,703
Transportation . . . . .	-	-	-	-
Economic development . . . . .	-	-	116,643	-
Capital outlay. . . . .	-	-	-	-
Debt service:				
Principal retirement. . . . .	-	-	-	-
Interest and fiscal charges. . . . .	-	-	-	-
<b>Total expenditures . . . . .</b>	<b>-</b>	<b>203,171</b>	<b>116,643</b>	<b>5,703</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	17,493	(820)	415,567	5,671
<b>Other financing sources (uses):</b>				
Capital lease transaction . . . . .	-	-	-	-
Transfers in . . . . .	-	-	-	-
Transfers (out) . . . . .	-	-	-	-
<b>Total other financing sources (uses) . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances . . . . .	17,493	(820)	415,567	5,671
<b>Fund balances at beginning of year (restated) . . . . .</b>	<b>247,551</b>	<b>51,717</b>	<b>1,161,027</b>	<b>7,271</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 265,044</b>	<b>\$ 50,897</b>	<b>\$ 1,576,594</b>	<b>\$ 12,942</b>

<u>Reservoir Enhancement</u>	<u>Riverside Cemetery Enhancement</u>	<u>Hotel/Motel Tax</u>	<u>Museum Trust</u>	<u>Police Pension</u>	<u>Fire Pension</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	408,196	-	95,065	95,065
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	11,137	11,137
-	43	-	-	-	-
300	906	-	8,595	-	-
-	-	-	(99,562)	-	-
-	-	135	608	-	-
<u>300</u>	<u>949</u>	<u>408,331</u>	<u>(90,359)</u>	<u>106,202</u>	<u>106,202</u>
-	-	334,854	6,507	-	-
-	-	-	-	450,785	464,923
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>334,854</u>	<u>6,507</u>	<u>450,785</u>	<u>464,923</u>
<u>300</u>	<u>949</u>	<u>73,477</u>	<u>(96,866)</u>	<u>(344,583)</u>	<u>(358,721)</u>
-	-	-	-	-	-
-	-	-	-	350,000	340,000
-	-	(50,000)	-	-	-
-	-	(50,000)	-	350,000	340,000
300	949	23,477	(96,866)	5,417	(18,721)
-	6,133	162,267	739,999	24,605	27,574
<u>\$ 300</u>	<u>\$ 7,082</u>	<u>\$ 185,744</u>	<u>\$ 643,133</u>	<u>\$ 30,022</u>	<u>\$ 8,853</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, 2022

	<b>Law Enforcement Trust</b>	<b>Fire and Rescue Trust</b>	<b>Fire Damage Repair</b>	<b>Park and Recreation Trust</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Property and other local taxes . . . . .	-	-	-	-
Licenses, permits and fees . . . . .	-	-	-	-
Fines and forfeitures . . . . .	5,339	-	-	-
Intergovernmental . . . . .	-	47,744	-	-
Investment income . . . . .	-	-	-	-
Donations. . . . .	6,867	5,628	-	11,316
Change in fair value of investments . . . . .	-	-	-	-
Other . . . . .	275	197	74,774	-
<b>Total revenues.</b> . . . .	<u>12,481</u>	<u>53,569</u>	<u>74,774</u>	<u>11,316</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	-	-	25,397	-
Security of persons and property. . . . .	2,793	43,600	-	-
Transportation . . . . .	-	-	-	-
Economic development . . . . .	-	-	-	-
Capital outlay. . . . .	-	-	-	-
Debt service:				
Principal retirement. . . . .	-	-	-	-
Interest and fiscal charges. . . . .	-	-	-	-
<b>Total expenditures</b> . . . . .	<u>2,793</u>	<u>43,600</u>	<u>25,397</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>9,688</u>	<u>9,969</u>	<u>49,377</u>	<u>11,316</u>
<b>Other financing sources (uses):</b>				
Capital lease transaction . . . . .	-	-	-	-
Transfers in . . . . .	-	-	-	-
Transfers (out) . . . . .	-	-	-	-
<b>Total other financing sources (uses)</b> . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	9,688	9,969	49,377	11,316
<b>Fund balances at beginning of year (restated) .</b>	50,394	101,850	58,845	-
<b>Fund balances at end of year . . . . .</b>	<u>\$ 60,082</u>	<u>\$ 111,819</u>	<u>\$ 108,222</u>	<u>\$ 11,316</u>

<b>Probation Incentive Grant</b>	<b>Opioid Settlement</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ 37,433
-	-	598,326
-	-	202,351
-	-	258,217
63,772	5,693	1,932,000
-	-	24,794
-	-	33,612
-	-	(99,562)
-	-	197,969
<u>63,772</u>	<u>5,693</u>	<u>3,185,140</u>
-	-	659,311
43,311	-	1,134,527
-	-	1,205,462
-	-	116,643
-	-	119,122
-	-	236,038
-	-	4,972
<u>43,311</u>	<u>-</u>	<u>3,476,075</u>
<u>20,461</u>	<u>5,693</u>	<u>(290,935)</u>
-	-	33,879
-	-	690,000
-	-	(50,000)
-	-	<u>673,879</u>
20,461	5,693	382,944
16,000	-	4,088,006
<u>\$ 36,461</u>	<u>\$ 5,693</u>	<u>\$ 4,470,950</u>

**CITY OF DEFIANCE, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2022**

	<b>Bond Retirement</b>	<b>Commerce Drive</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 647,486	\$ 4	\$ 647,490
Receivables:			
Special assessments . . . . .	114,317	-	114,317
Total assets . . . . .	<u>\$ 761,803</u>	<u>\$ 4</u>	<u>\$ 761,807</u>
<b>Deferred inflows of resources:</b>			
Special assessments revenue not available. . . . .	\$ 114,317	\$ -	\$ 114,317
Total deferred inflows of resources. . . . .	<u>114,317</u>	<u>-</u>	<u>114,317</u>
<b>Fund balances:</b>			
Restricted . . . . .	647,486	-	647,486
Assigned . . . . .	-	4	4
Total fund balances . . . . .	<u>647,486</u>	<u>4</u>	<u>647,490</u>
Total deferred inflows of resources and fund balances . . . . .	<u>\$ 761,803</u>	<u>\$ 4</u>	<u>\$ 761,807</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, 2022

	<u>Bond Retirement</u>	<u>Commerce Drive</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Revenues:</b>			
Special assessments . . . . .	\$ 105,402	\$ -	\$ 105,402
Total revenues. . . . .	<u>105,402</u>	<u>-</u>	<u>105,402</u>
<b>Expenditures:</b>			
Current:			
General government . . . . .	3,229	-	3,229
Debt service:			
Principal retirement. . . . .	116,559	118,804	235,363
Interest and fiscal charges . . . . .	-	45,714	45,714
Total expenditures . . . . .	<u>119,788</u>	<u>164,518</u>	<u>284,306</u>
Excess of expenditures over revenues . . . . .	<u>(14,386)</u>	<u>(164,518)</u>	<u>(178,904)</u>
<b>Other financing sources:</b>			
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 . . . . .	1,103	1	1,104
<b>Fund balances at beginning of year . . . . .</b>	<u>646,383</u>	<u>3</u>	<u>646,386</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 647,486</u>	<u>\$ 4</u>	<u>\$ 647,490</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 79,361	\$ 79,250	\$ 77,910	\$ (1,340)
Investment income . . . . .	1,059	1,170	1,040	(130)
Total revenues . . . . .	<u>80,420</u>	<u>80,420</u>	<u>78,950</u>	<u>(1,470)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	94,977	89,925	61,948	27,977
Total expenditures . . . . .	<u>94,977</u>	<u>89,925</u>	<u>61,948</u>	<u>27,977</u>
Net change in fund balance. . . . .	(14,557)	(9,505)	17,002	26,507
<b>Fund balance at beginning of year. . . .</b>	125,069	125,069	125,069	-
<b>Prior year encumbrances appropriated .</b>	5,477	5,477	5,477	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 115,989</u>	<u>\$ 121,041</u>	<u>\$ 147,548</u>	<u>\$ 26,507</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 105,000	\$ 105,000	\$ 108,052	\$ 3,052
Total revenues. . . . .	<u>105,000</u>	<u>105,000</u>	<u>108,052</u>	<u>3,052</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Capital Improvements:				
Operating . . . . .	57,482	66,513	66,501	12
Total capital improvements . . . . .	<u>57,482</u>	<u>66,513</u>	<u>66,501</u>	<u>12</u>
Debt Service:				
Principal retirement . . . . .	44,948	52,010	52,000	10
Interest and fiscal charges . . . . .	2,602	3,011	3,010	1
Total debt service. . . . .	<u>47,550</u>	<u>55,021</u>	<u>55,010</u>	<u>11</u>
Total expenditures . . . . .	<u>105,032</u>	<u>121,534</u>	<u>121,511</u>	<u>23</u>
Net change in fund balance. . . . .	(32)	(16,534)	(13,459)	3,075
<b>Fund balance at beginning of year. . . . .</b>	62,396	62,396	62,396	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 62,364</u>	<u>\$ 45,862</u>	<u>\$ 48,937</u>	<u>\$ 3,075</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 32,580	\$ 32,580	\$ 37,101	\$ 4,521
Intergovernmental . . . . .	1,115,500	1,115,500	1,082,123	(33,377)
Investment income . . . . .	3,640	3,640	1,763	(1,877)
Other . . . . .	3,000	3,000	2,201	(799)
Total revenues. . . . .	<u>1,154,720</u>	<u>1,154,720</u>	<u>1,123,188</u>	<u>(31,532)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Highway and Streets:				
Salaries and wages . . . . .	886,572	804,915	796,327	8,588
Operating . . . . .	433,992	500,619	389,816	110,803
Total expenditures. . . . .	<u>1,320,564</u>	<u>1,305,534</u>	<u>1,186,143</u>	<u>119,391</u>
Excess of expenditures over revenues . . . . .	<u>(165,844)</u>	<u>(150,814)</u>	<u>(62,955)</u>	<u>87,859</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	20,000	20,000	20,000	-
Total other financing sources. . . . .	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance. . . . .	(145,844)	(130,814)	(42,955)	87,859
<b>Fund balance at beginning of year. . . . .</b>	267,136	267,136	267,136	-
<b>Prior year encumbrances appropriated . . . . .</b>	22,206	22,206	22,206	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 143,498</u>	<u>\$ 158,528</u>	<u>\$ 246,387</u>	<u>\$ 87,859</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
**OPIOID SETTLEMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ -	\$ 5,693	\$ 5,693
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>5,693</u>	<u>5,693</u>
Net change in fund balance. . . . .	-	-	5,693	5,693
<b>Fund balance at beginning of year. . . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,693</u>	<u>\$ 5,693</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 50,776	\$ 50,777	\$ 1
Total revenues . . . . .	<u>-</u>	<u>50,776</u>	<u>50,777</u>	<u>1</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Probation:				
Operating . . . . .	-	6,722	6,722	-
Total expenditures . . . . .	<u>-</u>	<u>6,722</u>	<u>6,722</u>	<u>-</u>
Net change in fund balance. . . . .	-	44,054	44,055	1
<b>Fund balance at beginning of year. . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ 44,054</u>	<u>\$ 44,055</u>	<u>\$ 1</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 20,000	\$ 20,000	\$ 18,093	\$ (1,907)
Total revenues . . . . .	<u>20,000</u>	<u>20,000</u>	<u>18,093</u>	<u>(1,907)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating . . . . .	40,000	40,000	22,421	17,579
Total expenditures . . . . .	<u>40,000</u>	<u>40,000</u>	<u>22,421</u>	<u>17,579</u>
Net change in fund balance. . . . .	(20,000)	(20,000)	(4,328)	15,672
<b>Fund balance at beginning of year. . . . .</b>	33,884	33,884	33,884	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 13,884</u>	<u>\$ 13,884</u>	<u>\$ 29,556</u>	<u>\$ 15,672</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 25,000	\$ 25,000	\$ 23,377	\$ (1,623)
Other . . . . .	2,500	2,500	897	(1,603)
Total revenues. . . . .	<u>27,500</u>	<u>27,500</u>	<u>24,274</u>	<u>(3,226)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	66,996	66,996	32,647	34,349
Operating . . . . .	13,963	13,963	6,804	7,159
Total expenditures . . . . .	<u>80,959</u>	<u>80,959</u>	<u>39,451</u>	<u>41,508</u>
Net change in fund balance. . . . .	(53,459)	(53,459)	(15,177)	38,282
<b>Fund balance at beginning of year. . . .</b>	139,913	139,913	139,913	-
<b>Prior year encumbrances appropriated .</b>	131	131	131	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 86,585</u>	<u>\$ 86,585</u>	<u>\$ 124,867</u>	<u>\$ 38,282</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 61,644	\$ 61,644	\$ 61,644	\$ -
Total revenues . . . . .	<u>61,644</u>	<u>61,644</u>	<u>61,644</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages . . . . .	52,950	52,360	52,072	288
Operating . . . . .	10,408	10,468	10,236	232
Total expenditures . . . . .	<u>63,358</u>	<u>62,828</u>	<u>62,308</u>	<u>520</u>
Net change in fund balance. . . . .	(1,714)	(1,184)	(664)	520
<b>Fund balance at beginning of year. . . . .</b>	7,491	7,491	7,491	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,712	1,712	1,712	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 7,489</u>	<u>\$ 8,019</u>	<u>\$ 8,539</u>	<u>\$ 520</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 60,000	\$ 60,000	\$ 25,477	\$ (34,523)
Total revenues . . . . .	<u>60,000</u>	<u>60,000</u>	<u>25,477</u>	<u>(34,523)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Municipal Court:				
Operating . . . . .	167,038	166,767	82,837	83,930
Total expenditures . . . . .	<u>167,038</u>	<u>166,767</u>	<u>82,837</u>	<u>83,930</u>
Net change in fund balance. . . . .	(107,038)	(106,767)	(57,360)	49,407
<b>Fund balance at beginning of year. . . .</b>	296,199	296,199	296,199	-
<b>Prior year encumbrances appropriated .</b>	37,038	37,038	37,038	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 226,199</u>	<u>\$ 226,470</u>	<u>\$ 275,877</u>	<u>\$ 49,407</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other . . . . .	\$ 500	\$ 500	\$ -	\$ (500)
Total revenues. . . . .	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
<b>Expenditures:</b>				
Current:				
Leisure time activity:				
Parks and Recreation:				
Operating . . . . .	4,400	4,400		4,400
Total expenditures . . . . .	<u>4,400</u>	<u>4,400</u>	<u>-</u>	<u>4,400</u>
Net change in fund balance. . . . .	(3,900)	(3,900)	-	3,900
<b>Fund balance at beginning of year. . . . .</b>	4,704	4,704	4,704	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 804</u>	<u>\$ 804</u>	<u>\$ 4,704</u>	<u>\$ 3,900</u>

**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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 125,000	\$ 125,000	\$ 177,901	\$ 52,901
Total revenues . . . . .	<u>125,000</u>	<u>125,000</u>	<u>177,901</u>	<u>52,901</u>
<b>Expenditures:</b>				
Debt Service:				
Principal retirement . . . . .	190,000	190,000	175,000	15,000
Total debt service . . . . .	<u>190,000</u>	<u>190,000</u>	<u>175,000</u>	<u>15,000</u>
Total expenditures . . . . .	<u>190,000</u>	<u>190,000</u>	<u>175,000</u>	<u>15,000</u>
Net change in fund balance. . . . .	(65,000)	(65,000)	2,901	67,901
<b>Fund balance at beginning of year. . . . .</b>	199,984	199,984	199,984	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 134,984</u>	<u>\$ 134,984</u>	<u>\$ 202,885</u>	<u>\$ 67,901</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 8,400	\$ 8,400	\$ 9,295	\$ 895
Other . . . . .	10,000	10,000	8,735	(1,265)
Total revenues . . . . .	<u>18,400</u>	<u>18,400</u>	<u>18,030</u>	<u>(370)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating . . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures . . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance. . . . .	13,400	13,400	18,030	4,630
<b>Fund balance at beginning of year. . . . .</b>	245,834	245,834	245,834	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 259,234</u>	<u>\$ 259,234</u>	<u>\$ 263,864</u>	<u>\$ 4,630</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses, permits and fees . . . . .	\$ 203,000	\$ 203,175	\$ 203,171	\$ (4)
Total revenues . . . . .	<u>203,000</u>	<u>203,175</u>	<u>203,171</u>	<u>(4)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Cable TV:				
Operating . . . . .	203,000	203,175	203,171	4
Total expenditures . . . . .	<u>203,000</u>	<u>203,175</u>	<u>203,171</u>	<u>4</u>
Net change in fund balance. . . . .	-	-	-	-
<b>Fund balance at beginning of year. . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
**RESERVOIR ENHANCEMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Donations . . . . .	\$ -	\$ -	\$ 300	\$ 300
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Net change in fund balances . . . . .	-	-	300	300
<b>Fund balance at beginning of year . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Investment income . . . . .	3,900	3,900	3,939	39
Other . . . . .	-	-	110,000	110,000
Total revenues . . . . .	<u>403,900</u>	<u>403,900</u>	<u>513,939</u>	<u>110,039</u>
<b>Expenditures:</b>				
Current:				
Economic Development:				
Capital Improvement:				
Operating . . . . .	<u>1,040,529</u>	<u>945,267</u>	<u>636,910</u>	<u>308,357</u>
Total expenditures . . . . .	<u>1,040,529</u>	<u>945,267</u>	<u>636,910</u>	<u>308,357</u>
Excess of expenditures over revenues . . .	<u>(636,629)</u>	<u>(541,367)</u>	<u>(122,971)</u>	<u>418,396</u>
<b>Other financing sources:</b>				
Other financing sources . . . . .	<u>145,220</u>	<u>145,220</u>	<u>288,396</u>	<u>143,176</u>
Total other financing sources . . . . .	<u>145,220</u>	<u>145,220</u>	<u>288,396</u>	<u>143,176</u>
Net change in fund balance . . . . .	(491,409)	(396,147)	165,425	561,572
<b>Fund balance at beginning of year . . .</b>	513,570	513,570	513,570	-
<b>Prior year encumbrances appropriated .</b>	105,529	105,529	105,529	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 127,690</u>	<u>\$ 222,952</u>	<u>\$ 784,524</u>	<u>\$ 561,572</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 11,734	\$ 11,374	\$ (360)
Total revenues . . . . .	<u>-</u>	<u>11,734</u>	<u>11,374</u>	<u>(360)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Operating . . . . .	<u>7,270</u>	<u>7,705</u>	<u>7,703</u>	<u>2</u>
Total police. . . . .	<u>7,270</u>	<u>7,705</u>	<u>7,703</u>	<u>2</u>
Net change in fund balances. . . . .	(7,270)	4,029	3,671	(358)
<b>Fund balance at beginning of year. . . . .</b>	<u>7,271</u>	<u>7,271</u>	<u>7,271</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1</u>	<u>\$ 11,300</u>	<u>\$ 10,942</u>	<u>\$ (358)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ 40	\$ 40	\$ 44	\$ 4
Donations. . . . .	760	760	905	145
Total revenues . . . . .	<u>800</u>	<u>800</u>	<u>949</u>	<u>149</u>
<b>Expenditures:</b>				
Current:				
Public Health and Welfare:				
Cemetery:				
Operating . . . . .	<u>6,100</u>	<u>6,100</u>	<u>-</u>	<u>6,100</u>
Total expenditures . . . . .	<u>6,100</u>	<u>6,100</u>	<u>-</u>	<u>6,100</u>
Net change in fund balance. . . . .	(5,300)	(5,300)	949	6,249
<b>Fund balance at beginning of year. . . . .</b>	<u>6,133</u>	<u>6,133</u>	<u>6,133</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 833</u>	<u>\$ 833</u>	<u>\$ 7,082</u>	<u>\$ 6,249</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 320,000	\$ 320,000	\$ 405,965	\$ 85,965
Other . . . . .	-	-	135	135
Total revenues . . . . .	<u>320,000</u>	<u>320,000</u>	<u>406,100</u>	<u>86,100</u>
<b>Expenditures:</b>				
Current:				
General Government:				
General Operating:				
Salaries and wages . . . . .	44,602	51,570	50,586	984
Operating. . . . .	<u>71,593</u>	<u>82,778</u>	<u>81,199</u>	<u>1,579</u>
Total general operating . . . . .	<u>116,195</u>	<u>134,348</u>	<u>131,785</u>	<u>2,563</u>
Capital Improvements:				
Operating . . . . .	<u>178,970</u>	<u>206,930</u>	<u>202,982</u>	<u>3,948</u>
Total capital improvements . . . . .	<u>178,970</u>	<u>206,930</u>	<u>202,982</u>	<u>3,948</u>
Total expenditures . . . . .	<u>295,165</u>	<u>341,278</u>	<u>334,767</u>	<u>6,511</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>24,835</u>	<u>(21,278)</u>	<u>71,333</u>	<u>92,611</u>
<b>Other financing (uses):</b>				
Transfers out . . . . .	<u>(44,085)</u>	<u>(50,972)</u>	<u>(50,000)</u>	<u>972</u>
Total other financing (uses). . . . .	<u>(44,085)</u>	<u>(50,972)</u>	<u>(50,000)</u>	<u>972</u>
Net change in fund balance. . . . .	(19,250)	(72,250)	21,333	93,583
<b>Fund balance at beginning of year. . . . .</b>	119,158	119,158	119,158	-
<b>Prior year encumbrances appropriated . . . . .</b>	150	150	150	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 100,058</u>	<u>\$ 47,058</u>	<u>\$ 140,641</u>	<u>\$ 93,583</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ 500	\$ 500	\$ -	\$ (500)
Donations. . . . .	10,000	10,000	8,595	(1,405)
Other . . . . .	-	-	608	608
Total revenues . . . . .	<u>10,500</u>	<u>10,500</u>	<u>9,203</u>	<u>(1,297)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Trust Fund:				
Operating. . . . .	11,500	11,500	6,507	4,993
Total expenditures . . . . .	<u>11,500</u>	<u>11,500</u>	<u>6,507</u>	<u>4,993</u>
Net change in fund balance. . . . .	(1,000)	(1,000)	2,696	3,696
<b>Fund balance at beginning of year. . . . .</b>	15,881	15,881	15,881	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 14,881</u>	<u>\$ 14,881</u>	<u>\$ 18,577</u>	<u>\$ 3,696</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 94,465	\$ 92,715	\$ 95,065	\$ 2,350
Intergovernmental . . . . .	11,067	12,610	11,137	(1,473)
Total revenues . . . . .	<u>105,532</u>	<u>105,325</u>	<u>106,202</u>	<u>877</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police Pension:				
Salaries and wages . . . . .	437,256	452,201	449,137	3,064
Operating . . . . .	1,604	1,659	1,648	11
Total expenditures . . . . .	<u>438,860</u>	<u>453,860</u>	<u>450,785</u>	<u>3,075</u>
Excess of expenditures over revenues . . .	<u>(333,328)</u>	<u>(348,535)</u>	<u>(344,583)</u>	<u>3,952</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	347,793	350,000	350,000	-
Total other financing sources . . . . .	<u>347,793</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Net change in fund balance. . . . .	14,465	1,465	5,417	3,952
<b>Fund balance at beginning of year. . . .</b>	<u>24,605</u>	<u>24,605</u>	<u>24,605</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 39,070</u>	<u>\$ 26,070</u>	<u>\$ 30,022</u>	<u>\$ 3,952</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 94,452	\$ 92,715	\$ 95,065	\$ 2,350
Intergovernmental . . . . .	11,065	12,610	11,137	(1,473)
Total revenues . . . . .	<u>105,517</u>	<u>105,325</u>	<u>106,202</u>	<u>877</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire Pension:				
Salaries and wages . . . . .	444,334	469,246	463,275	5,971
Operating . . . . .	1,581	1,669	1,648	21
Total expenditures . . . . .	<u>445,915</u>	<u>470,915</u>	<u>464,923</u>	<u>5,992</u>
Excess of expenditures over revenues . . .	<u>(340,398)</u>	<u>(365,590)</u>	<u>(358,721)</u>	<u>6,869</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	337,808	340,000	340,000	-
Total other financing sources . . . . .	<u>337,808</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
Net change in fund balance. . . . .	(2,590)	(25,590)	(18,721)	6,869
<b>Fund balance at beginning of year. . . .</b>	<u>27,574</u>	<u>27,574</u>	<u>27,574</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 24,984</u>	<u>\$ 1,984</u>	<u>\$ 8,853</u>	<u>\$ 6,869</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 1,300	\$ 1,300	\$ 5,339	\$ 4,039
Donations . . . . .	5,000	5,000	6,867	1,867
Other . . . . .	-	-	275	275
Total revenues . . . . .	<u>6,300</u>	<u>6,300</u>	<u>12,481</u>	<u>6,181</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Operating . . . . .	16,550	16,550	7,343	9,207
Total expenditures . . . . .	<u>16,550</u>	<u>16,550</u>	<u>7,343</u>	<u>9,207</u>
Net change in fund balance . . . . .	(10,250)	(10,250)	5,138	15,388
<b>Fund balance at beginning of year . . . . .</b>	50,394	50,394	50,394	-
<b>Prior year encumbrances appropriated . . . . .</b>	4,550	4,550	4,550	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 44,694</u>	<u>\$ 44,694</u>	<u>\$ 60,082</u>	<u>\$ 15,388</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 43,000	\$ 43,000	\$ 47,744	\$ 4,744
Donations. . . . .	-	-	5,628	5,628
Other . . . . .	-	-	197	197
Total revenues . . . . .	<u>43,000</u>	<u>43,000</u>	<u>53,569</u>	<u>10,569</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	<u>49,000</u>	<u>49,000</u>	<u>43,600</u>	<u>5,400</u>
Total expenditures . . . . .	<u>49,000</u>	<u>49,000</u>	<u>43,600</u>	<u>5,400</u>
Net change in fund balance. . . . .	(6,000)	(6,000)	9,969	15,969
<b>Fund balance at beginning of year. . . . .</b>	101,850	101,850	101,850	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 95,850</u>	<u>\$ 95,850</u>	<u>\$ 111,819</u>	<u>\$ 15,969</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other . . . . .	\$ -	\$ 52,029	\$ 74,774	\$ 22,745
Total revenues . . . . .	<u>-</u>	<u>52,029</u>	<u>74,774</u>	<u>22,745</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Fire:				
Operating . . . . .	54,000	122,949	91,472	31,477
Total expenditures . . . . .	<u>54,000</u>	<u>122,949</u>	<u>91,472</u>	<u>31,477</u>
Net change in fund balance. . . . .	(54,000)	(70,920)	(16,698)	54,222
<b>Fund balance at beginning of year. . . .</b>	16,920	16,920	16,920	-
<b>Prior year encumbrances appropriated .</b>	54,000	54,000	54,000	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 16,920</u>	<u>\$ -</u>	<u>\$ 54,222</u>	<u>\$ 54,222</u>

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
**PARK AND RECREATION TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Donations. . . . .	\$ -	\$ -	\$ 11,316	\$ 11,316
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>11,316</u>	<u>11,316</u>
Net change in fund balances. . . . .	-	-	11,316	11,316
<b>Fund balance at beginning of year. . . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,316</u>	<u>\$ 11,316</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 63,772	\$ 63,772	\$ 63,772	\$ -
Total revenues . . . . .	<u>63,772</u>	<u>63,772</u>	<u>63,772</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Operating . . . . .	63,773	63,773	43,311	20,462
Total expenditures . . . . .	<u>63,773</u>	<u>63,773</u>	<u>43,311</u>	<u>20,462</u>
Net change in fund balance. . . . .	(1)	(1)	20,461	20,462
<b>Fund balance at beginning of year. . . . .</b>	16,000	16,000	16,000	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 15,999</u>	<u>\$ 15,999</u>	<u>\$ 36,461</u>	<u>\$ 20,462</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 871,216	\$ 878,171	\$ 878,171	\$ -
Total revenues . . . . .	<u>871,216</u>	<u>878,171</u>	<u>878,171</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Public Health and Welfare:				
Operational Support Grant:				
Operating . . . . .	1,742,430	1,749,385	1,749,386	(1)
Total expenditures . . . . .	<u>1,742,430</u>	<u>1,749,385</u>	<u>1,749,386</u>	<u>(1)</u>
Net change in fund balance. . . . .	(871,214)	(871,214)	(871,215)	(1)
<b>Fund balance at beginning of year. . . .</b>	871,215	871,215	871,215	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

**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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other . . . . .	\$ -	\$ -	\$ 4,625	\$ 4,625
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>4,625</u>	<u>4,625</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Finance Department:				
Operating . . . . .	195	195	194	1
Total expenditures . . . . .	<u>195</u>	<u>195</u>	<u>194</u>	<u>1</u>
Net change in fund balance. . . . .	(195)	(195)	4,431	4,626
<b>Fund balance at beginning of year. . . . .</b>	17,768	17,768	17,768	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 17,573</u>	<u>\$ 17,573</u>	<u>\$ 22,199</u>	<u>\$ 4,626</u>

**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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ 1,500	\$ 1,500	\$ 2,145	\$ 645
Other . . . . .	3,686,000	3,686,000	3,692,826	6,826
Total revenues . . . . .	<u>3,687,500</u>	<u>3,687,500</u>	<u>3,694,971</u>	<u>7,471</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Insurance Premiums:				
Personal services . . . . .	3,686,000	3,756,000	3,743,999	12,001
Total expenditures . . . . .	<u>3,686,000</u>	<u>3,756,000</u>	<u>3,743,999</u>	<u>12,001</u>
Net change in fund balance. . . . .	1,500	(68,500)	(49,028)	19,472
<b>Fund balance at beginning of year. . . . .</b>	280,083	280,083	280,083	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 281,583</u>	<u>\$ 211,583</u>	<u>\$ 231,055</u>	<u>\$ 19,472</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessments . . . . .	\$ 105,000	\$ 105,000	\$ 105,402	\$ 402
Total revenues. . . . .	<u>105,000</u>	<u>105,000</u>	<u>105,402</u>	<u>402</u>
<b>Expenditures:</b>				
Current:				
General Government:				
County and State Charges:				
Operating . . . . .	3,230	3,230	3,229	1
Total county and state charges. . . . .	<u>3,230</u>	<u>3,230</u>	<u>3,229</u>	<u>1</u>
Debt Service:				
Principal retirement . . . . .	101,090	101,090	101,070	20
Total debt service . . . . .	<u>101,090</u>	<u>101,090</u>	<u>101,070</u>	<u>20</u>
Total expenditures . . . . .	<u>104,320</u>	<u>104,320</u>	<u>104,299</u>	<u>21</u>
Net change in fund balance. . . . .	680	680	1,103	423
<b>Fund balance at beginning of year. . . . .</b>	646,383	646,383	646,383	-
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 647,063</u></u>	<u><u>\$ 647,063</u></u>	<u><u>\$ 647,486</u></u>	<u><u>\$ 423</u></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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Debt Service:				
Principal retirement . . . . .	\$ 118,805	\$ 118,805	\$ 118,804	\$ 1
Interest and fiscal charges . . . . .	45,714	45,714	45,714	0
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>
<b>Other financing sources:</b>				
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	0
<b>Fund balance at beginning of year. . . . .</b>	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 0</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Donations . . . . .	\$ 12,500	\$ 12,500	\$ 12,499	\$ (1)
Total revenues . . . . .	<u>12,500</u>	<u>12,500</u>	<u>12,499</u>	<u>(1)</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement . . . . .	188,074	188,074	188,000	74
Interest and fiscal charges . . . . .	10,852	10,852	10,848	4
Total debt service . . . . .	<u>198,926</u>	<u>198,926</u>	<u>198,848</u>	<u>78</u>
Total expenditures . . . . .	<u>198,926</u>	<u>198,926</u>	<u>198,848</u>	<u>78</u>
Excess of expenditures over revenues . . .	<u>(186,426)</u>	<u>(186,426)</u>	<u>(186,349)</u>	<u>77</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	182,500	182,500	182,500	-
Total other financing sources . . . . .	<u>182,500</u>	<u>182,500</u>	<u>182,500</u>	<u>-</u>
Net change in fund balance . . . . .	(3,926)	(3,926)	(3,849)	77
<b>Fund balance at beginning of year . . .</b>	5,120	5,120	5,120	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,194</u>	<u>\$ 1,194</u>	<u>\$ 1,271</u>	<u>\$ 77</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, 2022

	<b>Refuse</b>	<b>Utility Deposit</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 157,604	\$ -	\$ 157,604
Receivables (net of allowance for uncollectibles):			
Accounts . . . . .	28,043	-	28,043
Total current assets. . . . .	185,647	-	185,647
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents. . .	-	387,771	387,771
Cash in segregated accounts . . . . .	77,230	-	77,230
Total noncurrent assets . . . . .	77,230	387,771	465,001
Total assets . . . . .	262,877	387,771	650,648
<b>Liabilities:</b>			
Payable from restricted assets:			
Refundable deposits . . . . .	-	387,771	387,771
Total liabilities . . . . .	-	387,771	387,771
<b>Net position:</b>			
Unrestricted . . . . .	262,877	-	262,877
Total net position . . . . .	\$ 262,877	\$ -	\$ 262,877

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<b>Refuse</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating revenues:</b>		
Charges for services . . . . .	\$ 1,103,676	\$ 1,103,676
Total operating revenues . . . . .	1,103,676	1,103,676
<b>Operating expenses:</b>		
Utilities . . . . .	1,074,012	1,074,012
Total operating expenses . . . . .	1,074,012	1,074,012
Change in net position. . . . .	29,664	29,664
<b>Net position at beginning of year. . . . .</b>	233,213	233,213
<b>Net position at end of year . . . . .</b>	\$ 262,877	\$ 262,877

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<b>Refuse</b>	<b>Utility Deposit</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from charges for services. . . . .	\$ 1,088,944	\$ 6,927	\$ 1,095,871
Cash payments for utilities. . . . .	(1,125,612)	-	(1,125,612)
Net cash provided by (used in) operating activities . . . . .	(36,668)	6,927	(29,741)
Net change in cash and cash equivalents . . . . .	(36,668)	6,927	(29,741)
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>271,502</b>	<b>380,844</b>	<b>652,346</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 234,834</b>	<b>\$ 387,771</b>	<b>\$ 622,605</b>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income . . . . .	\$ 29,664	\$ -	\$ 29,664
Changes in assets and liabilities:			
Change in accounts receivable . . . . .	(14,732)	-	(14,732)
Change in accounts payable. . . . .	(51,600)	-	(51,600)
Change in utility deposits payable . . . . .	-	6,927	6,927
Net cash provided by (used in) operating activities . . . .	\$ (36,668)	\$ 6,927	\$ (29,741)

**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.

# STATISTICAL SECTION

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

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

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Schedules 1-4 reflect financial trends data to help the reader understand how the City's financial performance and well-being have changed over time.	<b>184-193</b>
Schedules 5-6 reflect revenue capacity and help the reader assess the City's most significant local revenue source, the income tax.	<b>194-197</b>
Schedules 7-11 reflect debt capacity and help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>198-207</b>
Schedules 12-13 offer demographic and economic information to help the reader understand the environment within which the City's financial activities take place, and to provide information that facilitates comparisons of financial information over time and among governments.	<b>208-209</b>
Schedules 14-16 contain operating information to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>210-215</b>

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

**CITY OF DEFIANCE, OHIO**

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

	<u>2022</u>	<u>(1) 2021</u>	<u>2020</u>	<u>2019</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 29,685,536	\$ 28,418,498	\$ 26,012,948	\$ 22,525,710
Restricted for:				
Capital projects	1,696,206	5,120	1,013,383	5,541
Debt service	761,807	766,547	766,012	724,312
Transportation projects	411,105	293,335	260,362	234,083
Safety projects	461,562	399,070	367,872	281,348
Special projects	478,732	456,680	478,583	509,327
Community environment projects	-	-	34,824	43,751
Economic development projects	1,726,998	1,278,061	1,356,350	1,396,153
Health projects	12,775	6,133	5,287	5,517
Museum trust	643,133	739,999	663,389	592,939
Other purposes	377,839	393,757	494,603	438,440
Unrestricted (deficit)	<u>(8,851,427)</u>	<u>(8,072,475)</u>	<u>(12,897,102)</u>	<u>(12,137,396)</u>
Total governmental activities	<u>27,404,266</u>	<u>24,684,725</u>	<u>18,556,511</u>	<u>14,619,725</u>
<b>Business-type activities:</b>				
Net investment in capital assets	48,811,785	45,930,518	44,812,994	41,221,061
Unrestricted	<u>6,046,230</u>	<u>4,953,840</u>	<u>1,597,298</u>	<u>2,553,073</u>
Total business-type activities	<u>54,858,015</u>	<u>50,884,358</u>	<u>46,410,292</u>	<u>43,774,134</u>
<b>Total primary government:</b>				
Net investment in capital assets	78,497,321	74,349,016	70,825,942	63,746,771
Restricted	6,570,157	4,338,702	5,440,665	4,231,411
Unrestricted	<u>(2,805,197)</u>	<u>(3,118,635)</u>	<u>(11,299,804)</u>	<u>(9,584,323)</u>
Total primary government	<u>\$ 82,262,281</u>	<u>\$ 75,569,083</u>	<u>\$ 64,966,803</u>	<u>\$ 58,393,859</u>

(1) 2021 amounts have been restated as described in Note 3



	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$	20,731,337	\$ 17,918,840	\$ 16,547,338	\$ 14,972,611	\$ 14,422,564	\$ 14,481,473
	16,045	230,490	178,127	-	48,399	-
	727,762	715,831	722,733	720,585	714,360	683,737
	209,713	307,179	427,612	804,151	892,276	712,739
	318,949	374,231	455,825	527,162	506,120	553,081
	472,256	428,765	378,716	344,976	315,471	292,143
	41,132	61,637	41,220	54,699	16,832	19,132
	1,461,066	1,469,015	1,774,767	1,943,972	2,214,522	2,134,556
	4,702	3,919	3,161	1,422	526	3,094
	510,001	386,049	332,600	-	-	-
	400,524	384,394	297,697	423,454	261,533	250,264
	(17,439,157)	(12,862,265)	(3,140,465)	(2,901,972)	(4,364,958)	3,354,535
	<u>7,454,330</u>	<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>
	37,714,003	35,185,014	32,132,408	28,739,028	26,579,042	21,292,299
	<u>4,054,501</u>	<u>4,915,912</u>	<u>7,059,023</u>	<u>7,495,520</u>	<u>6,746,040</u>	<u>8,057,987</u>
	<u>41,768,504</u>	<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>
	58,445,340	53,103,854	48,679,746	43,711,639	41,001,606	35,773,772
	4,162,150	4,361,510	4,612,458	4,820,421	4,970,039	4,648,746
	(13,384,656)	(7,946,353)	3,918,558	4,593,548	2,381,082	11,412,522
\$	<u>49,222,834</u>	<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>

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

	<b>2022</b>	<b>(1) 2021</b>	<b>2020</b>	<b>2019</b>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services and sales:				
General government	\$ 553,955	\$ 556,426	\$ 613,679	\$ 639,330
Security of persons and property	1,225,618	1,160,215	1,171,351	1,275,018
Public health and welfare	67,724	98,514	83,646	71,663
Community environment	110,741	109,770	93,248	146,803
Leisure time activity	32,048	22,266	2,000	30,482
Economic development	-	-	-	96,670
Operating grants and contributions	2,030,177	1,702,822	3,238,068	1,762,295
Capital grants and contributions	602,822	2,657,075	2,019,938	1,065,338
Total governmental activities	<u>4,623,085</u>	<u>6,307,088</u>	<u>7,221,930</u>	<u>5,087,599</u>
Business-type activities:				
Charges for services and sales:				
Sewer	7,300,171	7,240,621	7,108,089	7,412,701
Water	7,245,020	7,004,570	6,440,487	5,826,201
Refuse	1,103,676	977,184	1,130,337	934,540
Capital grants and contributions	425,233	236,976	27,083	187,930
Total business-type activities	<u>16,074,100</u>	<u>15,459,351</u>	<u>14,705,996</u>	<u>14,361,372</u>
Total primary government	<u>\$ 20,697,185</u>	<u>\$ 21,766,439</u>	<u>\$ 21,927,926</u>	<u>\$ 19,448,971</u>
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 3,733,337	\$ 2,854,016	\$ 3,804,175	\$ 4,271,614
Security of persons and property	7,996,746	7,931,038	8,462,178	1,838,646
Public health and welfare	552,739	572,295	395,628	463,193
Transportation	2,400,745	2,019,417	2,158,810	2,186,816
Community environment	610,028	145,713	746,462	981,167
Leisure time activity	1,026,458	587,693	616,210	863,666
Economic development	233,792	173,360	327,664	145,816
Interest and fiscal charges	221,174	140,158	228,526	200,761
Total governmental activities	<u>16,775,019</u>	<u>14,423,690</u>	<u>16,739,653</u>	<u>10,951,679</u>
Business-type activities:				
Sewer	5,355,292	5,409,481	5,757,708	6,012,562
Water	5,756,541	4,625,428	5,481,227	5,560,402
Refuse	1,074,012	1,016,865	1,048,600	990,111
Total business-type activities	<u>12,185,845</u>	<u>11,051,774</u>	<u>12,287,535</u>	<u>12,563,075</u>
Total primary government	<u>\$ 28,960,864</u>	<u>\$ 25,475,464</u>	<u>\$ 29,027,188</u>	<u>\$ 23,514,754</u>
<b>Net (expense) revenue:</b>				
Governmental activities	\$ (12,151,934)	\$ (8,116,602)	\$ (9,517,723)	\$ (5,864,080)
Business-type activities	3,888,255	4,407,577	2,418,461	1,798,297
Total primary government	<u>\$ (8,263,679)</u>	<u>\$ (3,709,025)</u>	<u>\$ (7,099,262)</u>	<u>\$ (4,065,783)</u>

	2018	2017	2016	2015	2014	2013
\$	645,560	\$ 637,646	\$ 596,553	\$ 586,116	\$ 442,820	\$ 552,784
	1,242,279	1,093,831	1,076,534	1,171,564	1,060,229	1,198,534
	63,167	69,450	85,339	66,674	105,452	69,403
	94,890	113,649	104,629	90,988	98,521	75,598
	26,432	32,492	32,632	22,450	15,065	16,729
	127,841	118,907	116,665	110,454	128,563	20,567
	1,437,649	1,340,732	1,413,213	1,863,760	1,613,806	1,420,889
	936,029	793,763	2,561,591	677,251	475,707	982,639
	<u>4,573,847</u>	<u>4,200,470</u>	<u>5,987,156</u>	<u>4,589,257</u>	<u>3,940,163</u>	<u>4,337,143</u>
	7,289,055	7,274,344	7,033,171	7,036,691	6,842,532	6,252,710
	5,587,145	5,559,843	5,919,633	5,931,419	5,800,439	5,900,065
	983,244	964,424	952,016	945,507	907,542	885,936
	166,875	505,586	287,275	239,844	414,190	158,860
	<u>14,026,319</u>	<u>14,304,197</u>	<u>14,192,095</u>	<u>14,153,461</u>	<u>13,964,703</u>	<u>13,197,571</u>
\$	<u>\$ 18,600,166</u>	<u>\$ 18,504,667</u>	<u>\$ 20,179,251</u>	<u>\$ 18,742,718</u>	<u>\$ 17,904,866</u>	<u>\$ 17,534,714</u>
\$	3,816,649	\$ 3,644,171	\$ 3,585,624	\$ 3,641,100	\$ 2,943,207	\$ 3,154,896
	8,250,948	7,320,631	7,462,722	6,405,325	5,490,081	5,516,843
	408,324	361,793	413,763	333,559	283,541	259,593
	2,166,138	1,977,817	2,875,847	1,785,648	1,726,774	2,070,218
	881,242	791,726	586,442	424,611	422,575	464,158
	869,990	787,699	878,295	722,802	647,226	777,604
	2,225,249	363,603	283,231	662,026	458,031	681,350
	169,254	117,760	118,987	119,328	118,383	121,774
	<u>18,787,794</u>	<u>15,365,200</u>	<u>16,204,911</u>	<u>14,094,399</u>	<u>12,089,818</u>	<u>13,046,436</u>
	5,839,400	5,783,646	5,358,623	5,386,271	4,955,025	4,769,476
	5,410,444	5,440,424	5,033,472	4,920,630	4,448,309	5,068,496
	1,291,284	938,888	1,038,273	1,011,149	973,524	787,148
	<u>12,541,128</u>	<u>12,162,958</u>	<u>11,430,368</u>	<u>11,318,050</u>	<u>10,376,858</u>	<u>10,625,120</u>
\$	<u>\$ 31,328,922</u>	<u>\$ 27,528,158</u>	<u>\$ 27,635,279</u>	<u>\$ 25,412,449</u>	<u>\$ 22,466,676</u>	<u>\$ 23,671,556</u>
\$	(14,213,947)	\$ (11,164,730)	\$ (10,217,755)	\$ (9,505,142)	\$ (8,149,655)	\$ (8,709,293)
	1,485,191	2,141,239	2,761,727	2,835,411	3,587,845	2,572,451
\$	<u>(12,728,756)</u>	<u>(9,023,491)</u>	<u>(7,456,028)</u>	<u>(6,669,731)</u>	<u>(4,561,810)</u>	<u>(6,136,842)</u>

**CITY OF DEFIANCE, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>General revenues and other changes in net position:</b>				
Governmental activities:				
Income taxes levied for:				
General purposes	\$ 8,700,199	\$ 8,004,672	\$ 7,110,922	\$ 7,159,892
Special purposes	2,212,830	2,053,984	1,787,636	1,851,209
Capital purposes	2,176,277	2,023,198	1,683,991	1,820,629
Property taxes levied for:				
General purposes	658,316	627,973	589,906	611,307
Special purposes	598,326	495,091	453,367	539,819
Grants and entitlements not restricted to specific programs	578,610	549,519	347,125	314,117
Investment earnings	88,397	95,488	123,741	163,562
Payments in lieu of taxes	-	-	-	-
Change in fair value of investments	(644,596)	(136,544)	314,194	249,100
Miscellaneous	487,627	515,946	1,028,138	304,351
Transfers	15,489	15,489	15,489	15,489
Total governmental activities	<u>14,871,475</u>	<u>14,244,816</u>	<u>13,454,509</u>	<u>13,029,475</u>
Business-type activities:				
Investment earnings	66,898	65,369	96,399	152,184
Miscellaneous	33,993	16,609	136,787	70,638
Transfers	(15,489)	(15,489)	(15,489)	(15,489)
Special items	-	-	-	-
Total business-type activities	<u>85,402</u>	<u>66,489</u>	<u>217,697</u>	<u>207,333</u>
Total primary government	<u>\$ 14,956,877</u>	<u>\$ 14,311,305</u>	<u>\$ 13,672,206</u>	<u>\$ 13,236,808</u>
<b>Change in net position:</b>				
Governmental activities	\$ 2,719,541	\$ 6,128,214	\$ 3,936,786	\$ 7,165,395
Business-type activities	3,973,657	4,474,066	2,636,158	2,005,630
Total primary government	<u>\$ 6,693,198</u>	<u>\$ 10,602,280</u>	<u>\$ 6,572,944</u>	<u>\$ 9,171,025</u>

(1) 2021 amounts have been restated as described in Note 3

	2018	2017	2016	2015	2014	2013
\$	6,949,666	\$ 6,871,036	\$ 6,527,709	\$ 6,481,829	\$ 6,015,181	\$ 5,760,134
	1,776,295	1,758,540	1,658,961	1,642,395	1,495,912	24,562
	1,746,952	1,729,490	1,631,555	1,628,533	1,521,532	1,411,401
	577,777	560,928	603,781	593,210	620,421	550,030
	550,250	540,131	520,946	487,238	439,290	412,283
	277,998	256,159	276,974	249,294	387,599	524,815
	136,595	109,024	65,862	38,491	5,153	32,216
	-	-	-	-	-	67,034
	(76,555)	(8,649)	10,967	(17,150)	-	-
	148,069	204,560	142,151	258,453	431,790	247,289
	(15,718)	(48,876)	(92,880)	6,264	(1,737,268)	(58,555)
	<u>12,071,329</u>	<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>
	136,321	106,219	74,504	43,082	37,063	30,295
	26,237	71,863	27,772	37,237	63,592	107,946
	15,718	48,876	92,880	(6,264)	1,737,268	58,555
	-	-	-	-	-	337,710
	<u>178,276</u>	<u>226,958</u>	<u>195,156</u>	<u>74,055</u>	<u>1,837,923</u>	<u>534,506</u>
\$	<u>12,249,605</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>
\$	(2,142,618)	\$ 807,613	\$ 1,128,271	\$ 1,863,415	\$ 1,029,955	\$ 261,916
	1,663,467	2,368,197	2,956,883	2,909,466	5,425,768	3,106,957
\$	<u>(479,151)</u>	<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>

**CITY OF DEFIANCE, OHIO**

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

	<u>2022</u>	<u>(1) 2021</u>	<u>2020</u>	<u>2019</u>
<b>General fund:</b>				
Nonspendable	\$ 22,199	\$ 17,768	\$ 16,132	\$ 5,792
Assigned	923,038	533,835	935,795	691,268
Unassigned	<u>6,023,436</u>	<u>6,114,709</u>	<u>4,713,906</u>	<u>3,785,296</u>
Total general fund	<u>6,968,673</u>	<u>6,666,312</u>	<u>5,665,833</u>	<u>4,482,356</u>
<b>All other governmental funds:</b>				
Nonspendable	60,230	67,428	57,094	57,094
Restricted	5,149,756	5,135,838	5,579,091	4,883,331
Committed	3,392,991	1,084,232	2,151,492	1,180,411
Assigned	4	3	2	1
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,402)</u>
Total all other governmental funds	<u>8,602,981</u>	<u>6,287,501</u>	<u>7,787,679</u>	<u>6,118,435</u>
Total governmental funds	<u>\$ 15,571,654</u>	<u>\$ 12,953,813</u>	<u>\$ 13,453,512</u>	<u>\$ 10,600,791</u>

(1) 2021 amounts have been restated as described in Note 3

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 5,748	\$ 3,785	\$ 3,677	\$ 3,488	\$ 1,414	\$ 93
1,420,441	325,076	351,793	61,305	81,324	200,750
3,297,366	4,059,005	3,505,898	3,176,273	2,538,419	1,638,857
<u>4,723,555</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>
33,990	25,796	45,395	62,290	47,100	33,615
4,641,501	4,508,700	4,865,781	5,080,218	4,651,756	4,372,647
479,067	1,080,278	535,260	1,200,258	867,404	1,212,727
-	-	-	-	-	-
-	(105,436)	-	-	(90,666)	(498,051)
<u>5,154,558</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>\$ 9,878,113</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>

**CITY OF DEFIANCE, OHIO**

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

	<u>2022</u>	<u>(1) 2021</u>	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>				
Income taxes	\$ 13,370,159	\$ 12,025,606	\$ 10,339,096	\$ 10,895,274
Property and other local taxes	1,262,021	1,149,424	1,043,729	1,142,991
Payments in lieu of taxes	19,315	-	-	-
Charges for services	877,266	830,085	756,636	710,456
Licenses, permits and fees	339,858	385,874	293,411	367,730
Fines and forfeitures	581,920	557,316	483,831	717,982
Intergovernmental	3,138,835	4,830,108	5,614,129	3,222,914
Special assessments	105,402	113,714	118,686	124,530
Investment income	113,799	119,715	154,474	200,368
Donations	85,666	135,537	185,647	165,250
Change in fair value of investments	(644,596)	(136,544)	314,194	249,100
Other	464,916	451,744	1,019,693	345,641
Total revenues	<u>19,714,561</u>	<u>20,462,579</u>	<u>20,323,526</u>	<u>18,142,236</u>
<b>Expenditures:</b>				
Current:				
General government	4,294,757	3,533,077	3,672,888	3,406,703
Security of persons and property	8,023,789	7,542,017	7,366,041	7,700,894
Public health and welfare	463,364	445,749	515,077	313,033
Transportation	1,205,462	1,074,378	1,099,409	973,132
Community environment	729,741	680,874	621,839	711,550
Leisure time activity	815,009	765,766	562,927	703,338
Economic development	233,792	173,360	327,664	145,816
Capital outlay	2,515,473	6,138,987	3,967,576	2,772,141
Debt service:				
Principal retirement	1,015,135	925,944	719,898	712,564
Interest and fiscal charges	138,832	155,456	151,465	201,058
Bond issuance costs	91,308	-	86,815	-
Total expenditures	<u>19,526,662</u>	<u>21,435,608</u>	<u>19,091,599</u>	<u>17,640,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>187,899</u>	<u>(973,029)</u>	<u>1,231,927</u>	<u>502,007</u>
<b>Other financing sources (uses):</b>				
Payment to refunded bond escrow agent	-	-	(2,546,709)	-
Premium on notes issued	-	-	-	-
Bond issuance	2,180,000	-	3,565,000	-
Premium on bond issuance	35,809	-	81,458	-
Lease transaction	150,185	347,203	320,345	196,924
Transfers in	5,269,508	5,024,143	4,754,209	5,743,508
Transfers (out)	(5,254,019)	(5,008,654)	(4,738,720)	(5,728,019)
Issuance of loans	-	-	-	-
Sale of capital assets	48,459	110,638	185,211	8,258
Total other financing sources (uses)	<u>2,429,942</u>	<u>473,330</u>	<u>1,620,794</u>	<u>220,671</u>
Net change in fund balances	<u>\$ 2,617,841</u>	<u>\$ (499,699)</u>	<u>\$ 2,852,721</u>	<u>\$ 722,678</u>
Capital expenditures	\$ 2,363,971	\$ 6,182,731	\$ 5,444,187	\$ 2,819,516
Debt service as a percentage of noncapital expenditures	6.72%	7.09%	6.38%	6.16%

(1) 2021 amounts have been restated as described in Note 3



	2018	2017	2016	2015	2014	2013
\$	10,449,350	\$ 10,525,260	\$ 9,819,596	\$ 9,731,224	\$ 9,059,983	\$ 6,859,653
	1,145,427	1,108,298	1,115,263	1,093,043	1,031,890	967,412
	-	-	-	-	-	67,034
	690,802	654,361	682,231	752,932	677,255	752,837
	322,344	303,024	264,417	288,432	303,813	369,843
	755,519	830,344	745,139	736,546	741,019	790,492
	2,488,778	2,324,995	3,933,444	2,782,356	2,346,937	2,846,068
	115,280	138,504	119,791	122,734	34,246	36,196
	171,684	137,310	102,619	87,084	57,564	85,328
	299,308	160,970	415,498	123,066	52,343	7,553
	(76,555)	(8,649)	10,967	(17,150)	-	-
	453,559	232,926	153,871	285,692	429,910	245,989
	<u>16,815,496</u>	<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>
	3,298,065	3,186,798	3,091,634	3,400,259	2,845,060	2,740,480
	6,867,820	6,498,441	6,387,578	6,007,907	5,505,787	5,179,234
	310,489	275,466	291,343	282,332	252,955	224,443
	1,044,641	1,065,310	1,401,327	933,455	873,971	845,468
	733,652	639,132	483,181	385,516	407,403	426,724
	656,339	624,519	650,598	615,564	557,923	552,903
	2,225,249	562,262	386,731	662,026	492,102	681,350
	5,000,472	2,514,477	4,516,353	1,795,440	2,551,370	3,101,258
	326,312	320,558	319,823	318,923	331,625	184,686
	124,779	129,861	121,399	121,741	120,850	124,250
	13,000	-	-	-	-	-
	<u>20,600,818</u>	<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>(3,785,322)</u>	<u>590,519</u>	<u>(287,131)</u>	<u>1,462,796</u>	<u>795,914</u>	<u>(1,032,391)</u>
	-	-	-	-	-	-
	-	9,616	-	-	-	-
	3,363,000	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	196,890	-
	5,543,926	4,748,928	4,264,652	4,260,305	4,200,300	380,000
	(5,528,437)	(4,777,509)	(4,258,724)	(4,254,041)	(4,167,713)	(388,085)
	-	-	-	-	110,722	1,108,126
	116,961	17,846	5,175	18,021	-	-
	<u>3,495,450</u>	<u>(1,119)</u>	<u>11,103</u>	<u>24,285</u>	<u>340,199</u>	<u>1,100,041</u>
\$	<u>(289,872)</u>	<u>\$ 589,400</u>	<u>\$ (276,028)</u>	<u>\$ 1,487,081</u>	<u>\$ 1,136,113</u>	<u>\$ 67,650</u>
\$	4,809,994	\$ 2,749,728	\$ 3,387,670	\$ 1,705,584	\$ 1,314,436	\$ 1,957,981
	2.86%	3.45%	3.09%	3.44%	3.58%	2.55%

**CITY OF DEFIANCE, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Income tax rate</b>	1.80%	1.80%	1.80%	1.80%
<b>Income tax receipts:</b>				
Employee withholding	\$ 9,171,319	\$ 8,602,836	\$ 8,158,736	\$ 8,101,466
% of total	69.2%	72.1%	77.6%	74.3%
Corporate	2,970,416	2,212,604	1,325,483	1,758,665
% of total	22.4%	18.5%	12.6%	16.1%
Individuals	1,109,039	1,123,380	1,031,047	1,038,572
% of total	8.4%	9.4%	9.8%	9.5%
<b>Total income tax receipts</b>	<u>\$ 13,250,774</u>	<u>\$ 11,938,820</u>	<u>\$ 10,515,266</u>	<u>\$ 10,898,703</u>

**Source:** City of Defiance Income Tax

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	1.80%	1.80%	1.80%	1.80%	1.80%	1.50%
\$	7,936,162	\$ 7,651,716	\$ 7,264,772	\$ 6,966,593	\$ 6,515,630	\$ 5,425,774
	76.8%	73.9%	73.0%	72.6%	73.2%	79.8%
	1,411,990	1,693,685	1,470,360	1,561,195	1,417,159	706,863
	13.7%	16.4%	14.8%	16.3%	15.9%	10.4%
	979,305	1,004,008	1,223,337	1,072,016	962,614	668,325
	9.5%	9.7%	12.3%	11.2%	10.8%	9.8%
<u>\$</u>	<u>10,327,457</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>

**CITY OF DEFIANCE, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Tax Rate Components:</b>				
General operations	1.195%	1.195%	1.195%	1.195%
Police and fire	0.3%	0.3%	0.3%	0.3%
Capital improvements	0.3%	0.3%	0.3%	0.3%
Street maintenance	0.005%	0.005%	0.005%	0.005%
Total income tax rate	<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>
<b>Allocation of Receipts:</b>				
General fund	\$ 8,795,863	\$ 7,924,989	\$ 6,980,033	\$ 7,234,559
% of total	66.38%	66.38%	66.85%	66.38%
Police and fire fund	2,208,904	1,990,201	1,752,895	1,816,814
% of total	16.67%	16.67%	16.79%	16.67%
Capital improvements fund	2,208,904	1,990,201	1,678,781	1,816,814
% of total	16.67%	16.67%	16.08%	16.67%
SCMR fund (street maintenance)	37,102	33,429	29,443	30,561
% of total	0.28%	0.28%	0.28%	0.28%
Total income tax allocated	<u>\$ 13,250,773</u>	<u>\$ 11,938,820</u>	<u>\$ 10,441,152</u>	<u>\$ 10,898,748</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.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
1.195%	1.195%	1.195%	1.195%	1.195%	1.195%
0.3%	0.3%	0.3%	0.3%	0.3%	0.0%
0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
1.80%	1.80%	1.80%	1.80%	1.80%	1.50%
\$ 6,855,366	\$ 6,869,938	\$ 6,610,431	\$ 6,381,313	\$ 6,110,345	\$ 5,417,017
66.38%	66.38%	66.38%	66.47%	68.69%	79.65%
1,721,587	1,725,247	1,660,077	1,589,045	1,225,003	-
16.67%	16.67%	16.67%	16.55%	13.77%	0.00%
1,721,587	1,725,246	1,660,077	1,602,533	1,534,374	1,360,193
16.67%	16.67%	16.67%	16.69%	17.25%	20.00%
28,917	28,978	27,884	26,913	25,681	23,752
0.28%	0.28%	0.28%	0.28%	0.29%	0.35%
<u>\$ 10,327,457</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>

**CITY OF DEFIANCE, OHIO**

SCHEDULE 7  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Governmental activities:</b>				
General obligation bonds payable <sup>4</sup>	\$ 5,521,786	\$ 3,910,624	\$ 4,492,196	\$ 3,832,065
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,543,523	1,662,327	1,777,952	1,890,482
OWDA loans payable	1,282,149	1,398,708	1,515,267	1,631,826
Leases payable	356,706	281,348	481,460	196,924
Financed purchase agreement obligation	319,610	427,555	-	-
<b>Business-type activities:</b>				
General obligation bonds payable <sup>4</sup>	7,726,647	7,368,513	8,892,765	9,807,326
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	33,825,946	32,792,588	28,470,646	27,249,919
OPWC loans payable	1,912,754	2,036,158	2,164,916	2,164,916
Leases payable	-	139,722	-	-
Total primary government	<u>\$ 52,489,121</u>	<u>\$ 50,017,543</u>	<u>\$ 47,795,202</u>	<u>\$ 46,773,458</u>
<b>Debt per capita:</b>				
City population <sup>1</sup>	16,990	17,066	16,990	16,634
Outstanding debt per capita	\$ 3,089	\$ 2,931	\$ 2,813	\$ 2,812
<b>Debt as percentage of personal income:</b>				
Personal income <sup>2</sup>	\$ 831,856,400	\$ 774,540,410	\$ 713,630,970	\$ 690,976,360
Percentage of personal income	6.31%	6.46%	6.70%	6.77%
<b>Business-type debt per customer:</b>				
Number of customers <sup>3</sup>	6,726	6,701	6,650	6,615
Outstanding debt per customer	\$ 6,462	\$ 6,318	\$ 5,944	\$ 5,929

**Notes and sources:**

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

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

<sup>3</sup>Number of water customers per the City of Defiance Utility Billing Office.

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

	2018	2017	2016	2015	2014	2013
\$	4,270,189	\$ 3,089,313	\$ 3,266,437	\$ 3,443,561	\$ 3,620,685	\$ 3,792,809
	-	-	-	-	-	13,043
	2,000,000	-	-	-	-	-
	1,748,385	1,864,944	1,981,503	2,098,062	2,214,437	2,220,458
	50,487	80,240	109,239	137,503	165,051	-
	-	-	-	-	-	-
	8,240,123	6,270,992	7,429,523	5,743,854	6,477,095	7,175,337
	-	-	44,070	53,631	62,672	71,222
	-	-	-	2,704,000	3,139,000	3,574,000
	28,006,203	27,048,372	28,469,070	30,198,958	31,533,115	32,532,365
	2,299,029	2,452,740	1,523,808	155,661	217,232	289,420
	-	-	-	-	-	-
\$	<u>46,614,416</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>
	16,653	16,705	16,671	16,763	16,862	16,926
\$	2,799	\$ 2,443	\$ 2,569	\$ 2,657	\$ 2,813	\$ 2,934
\$	691,765,620	\$ 659,212,710	\$ 645,567,804	\$ 626,567,414	\$ 629,121,220	\$ 616,614,180
	6.74%	6.19%	6.63%	7.11%	7.54%	8.06%
	6,611	6,593	6,654	6,649	6,635	6,669
\$	5,830	\$ 5,426	\$ 5,631	\$ 5,844	\$ 6,244	\$ 6,544

**CITY OF DEFIANCE, OHIO**

SCHEDULE 8  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Population<sup>1</sup></b>	16,990	17,066	16,990	16,634
<b>Assessed value<sup>2</sup></b>	\$ 348,513,910	\$ 345,331,610	\$ 330,183,710	\$ 328,938,220
<b>General bonded debt:</b>				
General obligation bonds payable <sup>3</sup>	\$ 13,248,433	\$ 11,279,137	\$ 13,384,961	\$ 13,639,391
<b>Ratio of net bonded debt to assessed value</b>	3.80%	3.27%	4.05%	4.15%
<b>Net bonded debt per capita</b>	\$ 780	\$ 661	\$ 788	\$ 820

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

**Sources:**

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

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

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



<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
16,653	16,705	16,671	16,763	16,862	16,926
\$ 322,565,510	\$ 309,257,400	\$ 309,257,400	\$ 320,277,520	\$ 319,027,680	\$ 299,057,480
\$ 12,510,312	\$ 9,360,305	\$ 10,695,960	\$ 9,187,415	\$ 10,097,780	\$ 10,968,146
3.88%	3.03%	3.46%	2.87%	3.17%	3.67%
\$ 751	\$ 560	\$ 642	\$ 548	\$ 599	\$ 648

**CITY OF DEFIANCE, OHIO**

SCHEDULE 9  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2022

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
<b>Direct - City of Defiance</b>	\$ 5,206,000	100.00%	\$ 5,206,000
<b>Overlapping Debt:</b>			
Defiance County	3,610,000	31.56%	1,139,316
Defiance City School District	19,990,000	82.68%	16,527,732
Ayersville Local School District	12,564,919	21.65%	2,720,305
Four County Career Center Joint Vocational School District	1,985,000	8.51%	168,924
Northeastern Local School District	21,525,000	20.29%	4,367,423
Total overlapping debt	<u>59,674,919</u>		<u>24,923,700</u>
Total direct and overlapping debt	<u>\$ 64,880,919</u>		<u>\$ 30,129,700</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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total assessed property value</b>	\$ 348,513,910	\$ 345,331,610	\$ 330,183,710	\$ 328,938,220
<b>Overall legal debt limit</b> (10 1/2 % of assessed valuation)	<u>36,593,961</u>	<u>36,259,819</u>	<u>34,669,290</u>	<u>34,538,513</u>
Debt outstanding:				
General obligation bonds payable <sup>2</sup>	12,995,000	11,023,000	13,059,000	13,391,914
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,543,523	1,662,327	1,777,952	1,890,482
Bond anticipation notes	-	-	-	-
OWDA loans payable	35,108,095	34,191,296	29,985,913	28,881,745
OPWC loans payable	<u>1,912,754</u>	<u>2,036,158</u>	<u>2,164,916</u>	<u>2,164,916</u>
Total gross indebtedness	<u>51,559,372</u>	<u>48,912,781</u>	<u>46,987,781</u>	<u>46,329,057</u>
Less <sup>1</sup> :				
General obligation bonds payable <sup>2</sup>	7,574,000	7,185,000	8,647,000	9,584,914
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	35,108,095	34,191,296	29,985,913	28,881,745
OPWC loans payable	<u>1,912,754</u>	<u>2,036,158</u>	<u>2,164,916</u>	<u>2,164,916</u>
Total net debt applicable to debt limit	<u>6,964,523</u>	<u>5,500,327</u>	<u>6,189,952</u>	<u>5,697,482</u>
Add: debt service fund equity	<u>647,490</u>	<u>646,386</u>	<u>636,946</u>	<u>621,729</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 30,276,928</u>	<u>\$ 31,405,878</u>	<u>\$ 29,116,284</u>	<u>\$ 29,462,760</u>
Legal debt margin as a percentage of the debt limit	82.74%	86.61%	83.98%	85.30%
<b>Unvoted debt limit</b>	<u>19,168,265</u>	<u>18,993,239</u>	<u>18,160,104</u>	<u>18,091,602</u>
Unvoted legal debt margin within 5 1/2 % limitation	<u>\$ 19,168,265</u>	<u>\$ 18,993,239</u>	<u>\$ 18,160,104</u>	<u>\$ 18,091,602</u>
Unvoted legal debt margin as a percentage of the unvoted debt limit	100.00%	100.00%	100.00%	100.00%

**Notes:**

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

<sup>2</sup>Excludes unamortized bond premiums.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>\$ 322,565,510</u>	<u>\$ 309,257,400</u>	<u>\$ 309,257,400</u>	<u>\$ 320,277,520</u>	<u>\$ 319,027,680</u>	<u>\$ 299,057,480</u>
<u>33,869,379</u>	<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>
12,188,205	8,963,568	10,224,593	8,860,000	9,725,000	10,550,000
-	-	44,070	53,631	62,672	84,265
2,000,000	-	-	-	-	-
-	-	-	2,704,000	3,139,000	3,574,000
29,754,588	28,913,316	30,450,573	32,297,020	33,747,552	34,752,823
2,299,029	2,452,740	1,523,808	155,661	217,232	289,420
<u>46,241,822</u>	<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>
7,945,205	5,903,568	6,989,593	5,450,000	6,140,000	6,795,000
-	-	44,070	53,631	62,672	84,265
-	-	-	2,704,000	3,139,000	3,574,000
29,754,588	28,913,316	30,450,573	32,297,020	33,747,552	34,752,823
2,299,029	2,452,740	1,523,808	155,661	217,232	289,420
<u>6,243,000</u>	<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>602,796</u>	<u>592,151</u>	<u>570,714</u>	<u>565,440</u>	<u>556,615</u>	<u>620,652</u>
<u>\$ 28,229,175</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>
83.35%	92.40%	91.80%	91.54%	90.96%	90.02%
<u>17,741,103</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>\$ 17,741,103</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>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**CITY OF DEFIANCE, OHIO**

SCHEDULE 11  
 PLEDGED REVENUE COVERAGE  
 LAST TEN YEARS

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>OWDA Loans - Sewer System<sup>1</sup></b>				
Gross revenues <sup>2</sup>	\$ 7,340,181	\$ 7,276,937	\$ 7,240,951	\$ 7,531,248
Direct operating expenses <sup>3</sup>	3,000,664	3,012,122	3,387,604	3,811,476
Net revenue available for debt service	<u>4,339,517</u>	<u>4,264,815</u>	<u>3,853,347</u>	<u>3,719,772</u>
Annual debt service requirement <sup>4</sup>	2,395,518	1,984,111	2,277,403	2,607,941
Coverage	1.81	2.15	1.69	1.43
<b>OWDA Loans - Water Reservoir</b>				
Gross revenues <sup>2</sup>	\$ 7,292,002	\$ 7,050,232	\$ 6,540,811	\$ 5,930,476
Direct operating expenses <sup>3</sup>	4,429,758	3,323,945	4,081,762	4,230,353
Net revenue available for debt service	<u>2,862,244</u>	<u>3,726,287</u>	<u>2,459,049</u>	<u>1,700,123</u>
Annual debt service requirement <sup>4</sup>	929,061	433,855	433,656	433,466
Coverage	3.08	8.59	5.67	3.92

**Notes:**

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

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

<sup>3</sup>Direct operating expenses do not include depreciation expense.

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

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

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 7,396,693	\$ 7,380,647	\$ 7,091,386	\$ 7,091,366	\$ 6,895,460	\$ 6,270,952
3,724,229	3,779,418	3,274,574	3,128,395	2,820,670	3,035,848
<u>3,672,464</u>	<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>
2,383,430	2,376,078	2,342,678	2,388,868	2,321,512	2,087,309
1.54	1.52	1.63	1.66	1.76	1.55
\$ 5,642,065	\$ 5,626,240	\$ 5,957,319	\$ 5,957,063	\$ 5,843,398	\$ 6,030,551
4,148,073	4,205,112	3,729,053	3,484,253	3,061,255	3,712,770
<u>1,493,992</u>	<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>
433,283	433,107	432,939	438,506	438,506	438,505
3.45	3.28	5.15	5.64	6.34	5.29

**CITY OF DEFIANCE, OHIO**

SCHEDULE 12  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

Year	Population <sup>1</sup>	Total Personal Income <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rates <sup>4</sup>		
					Defiance County	State of Ohio	United States
2022	16,990	\$ 831,856,400	\$ 58,015	2,338	4.2%	4.1%	3.5%
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%

**Notes and Sources:**

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

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

<sup>3</sup>Defiance City Schools.

<sup>4</sup>U.S. Department of Labor, Bureau of Labor Statistics (annual average). Annual average unemployment is skewed high in 2020 due to a few exceptionally high monthly figures in the early stages of the COVID-19 pandemic/shutdown.



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

<b>Employer</b>	<b>Tax Year 2021</b>		
	<b>Employees<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Johns Manville Corporation (MFG)	770	1	3.76%
Wal Mart (RETAIL)	605	2	2.95%
Defiance City Schools	499	3	2.43%
Bon Secours Mercy Health	468	4	2.28%
Mayville Engineering Company - MEC (MFG)	427	5	2.08%
Defiance College	399	6	1.95%
Defiance County	509	7	2.48%
Defiance Regional Medical Center	410	8	2.00%
Meijer (RETAIL)	315	9	1.54%
B&B Molded Plastics (MFG)	371	10	1.81%
	<b>4,773</b>		<b>23.28%</b>
<b>Total Employment Within the City</b>	<b>20,495</b>		

<b>Employer</b>	<b>Tax Year 2012</b>		
	<b>Employees<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Defiance College	853	1	4.46%
Johns Manville Corporation (MFG)	701	2	3.66%
General Motors Company (MFG) <sup>2</sup>	621	3	3.24%
Defiance City Schools	521	4	2.72%
Defiance Metal Products (MFG)	381	5	1.99%
Wal Mart (RETAIL)	374	6	1.95%
Defiance County	358	7	1.87%
Defiance Regional Medical Center	352	8	1.84%
Mercy Medical Partners	335	9	1.75%
Meijer (RETAIL)	329	10	1.72%
	<b>4,825</b>		<b>25.20%</b>
<b>Total Employment Within the City</b>	<b>19,143</b>		

**Notes:**

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

<sup>2</sup>The information for tax year 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

<b>Function/Division</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Government:</b>										
Council*	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	16.0	13.9	14.0	13.8	14.0	13.5	13.3	12.9	13.0	12.5
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	5.0	4.7	4.8	4.8	4.8	4.8	4.9	4.3	3.8	3.8
Law	3.5	3.0	3.0	3.0	3.0	3.4	3.5	3.5	3.4	3.0
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 Engineer	2.0	2.6	2.2	2.6	2.5	2.2	2.1	1.9	1.6	1.6
	<u>8.5</u>	<u>8.0</u>	<u>7.9</u>	<u>8.6</u>	<u>9.2</u>	<u>9.1</u>	<u>6.9</u>	<u>5.4</u>	<u>6.6</u>	<u>5.7</u>
	44.0	41.2	40.9	41.8	42.5	42.0	39.6	37.0	37.4	35.6
<b>Security of Persons and Property:</b>										
Police	35.0	35.6	34.7	36.8	34.7	33.4	33.9	33.2	34.1	31.3
Fire	32.5	40.1	43.0	48.5	38.9	37.7	38.4	37.8	35.2	29.7
	<u>67.5</u>	<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>
<b>Leisure Time Activities:</b>										
Parks and Recreation	5.0	7.6	5.4	8.0	7.9	7.2	8.3	7.1	7.9	7.7
Cemetery	3.5	4.9	3.6	4.8	5.0	4.2	4.4	4.4	4.2	3.8
Cultural/Historian*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	<u>9.0</u>	<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>
<b>Community Development:</b>										
Building Inspections	1.5	1.7	1.6	1.6	2.2	2.0	2.3	1.8	1.9	2.5
<b>Transportation:</b>										
Streets	9.0	10.2	10.2	10.5	10.6	10.2	10.3	10.8	11.6	9.6
<b>Utility Services:</b>										
Utility Billing	6.0	6.0	6.0	6.0	6.0	6.0	5.8	6.1	6.4	6.8
Water Treatment/Distribution	20.0	20.7	19.0	20.0	19.9	20.1	19.8	19.9	21.5	19.7
Wastewater Treatment/Collection	18.0	18.7	18.1	20.2	19.6	19.9	20.0	18.5	20.3	18.0
	<u>44.0</u>	<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>
<b>Total</b>	<u>175.0</u>	<u>187.2</u>	<u>183.0</u>	<u>198.7</u>	<u>187.8</u>	<u>183.2</u>	<u>183.2</u>	<u>177.1</u>	<u>181.0</u>	<u>165.2</u>

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

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

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

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**CITY OF DEFIANCE, OHIO**

SCHEDULE 15  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS

<b>Function/Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>General Government:</b>				
General fund beginning balance (cash)	\$5,467,670	\$4,467,786	\$3,177,167	\$3,546,284
General fund revenues (cash)	12,589,377	11,665,865	11,079,000	10,803,107
General fund expenditures (cash)	11,692,061	10,665,981	9,788,381	11,172,224
General fund ending balance (cash)	<u>\$6,364,986</u>	<u>\$5,467,670</u>	<u>\$4,467,786</u>	<u>\$3,177,167</u>
<b>Municipal Court:</b>				
Cases heard and closed	7,013	7,013	6,431	9,047
<b>Police:</b>				
Total calls for services	18,851	27,007	16,678	20,486
Traffic violations	1,016	906	778	1,249
Motor vehicle accidents	719	705	603	769
Criminal arrests	887	1,006	1,054	1,045
<b>Fire/Emergency Medical Services:</b>				
Fire calls	769	580	88	508
EMS calls	2,428	2,539	2,335	2,111
Fire safety inspections	1,215	1,219	844	1,062
<b>Building Inspections:</b>				
Construction permits issued	1,196	196	1,116	1,029
Estimated value of construction	\$18,947,284	\$10,540,557	\$10,032,134	\$7,859,091
<b>Recreation:</b>				
Swimming pool memberships <sup>(1)</sup>	53	0	0	34
Shelter house rentals	116	70	26	62
<b>Streets:</b>				
Salt usage (tons)	600	801	819	706
Cost of salt purchased	\$49,138	\$57,569	\$59,641	\$59,113
<b>Water:</b>				
Water customers	6,729	6,701	6,653	6,615
Water main breaks repaired	18	23	38	10
<b>Water Pollution Control:</b>				
Sewer lines cleaned/repaired (ft.)	78,828	61,947	6,525	59,178
Sewer customers	6,599	6,552	52,667	6,484

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

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

2018	2017	2016	2015	2014	2013
\$3,699,172	\$3,041,951	\$2,305,035	\$1,929,849	\$1,159,602	\$1,239,095
12,298,444	10,394,316	9,881,035	9,740,976	9,491,539	8,709,434
12,451,332	9,737,095	9,144,119	9,365,790	8,721,292	8,788,927
<u>\$3,546,284</u>	<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>
9,782	10,749	9,191	9,163	9,761	9,832
17,934	20,434	17,517	16,964	18,203	18,353
1,428	1,509	1,349	1,236	1,571	1,983
789	832	830	896	909	805
1,110	1,417	1,132	1,322	1,596	2,045
565	487	410	437	415	603
2,268	2,356	2,088	2,189	1,841	1,439
1,176	1,078	1,361	1,409	1,019	1,142
970	1,070	1,151	998	897	925
\$6,817,870	\$8,003,585	\$8,078,849	\$5,035,057	\$5,649,615	\$5,902,162
35	68	52	38	51	50
61	59	51	55	61	45
814	481	957	491	1,021	918
\$54,697	\$31,818	\$73,628	\$45,376	\$55,316	\$42,371
6,611	6,593	6,654	6,649	6,635	6,669
31	23	18	30	32	50
65,189	68,220	85,143	70,100	84,500	76,000
6,483	6,466	6,513	6,492	6,495	6,523

**CITY OF DEFIANCE, OHIO**

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

<b>Function/Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Police:</b>				
Stations	1	1	1	1
Vehicles	18	18	17	16
<b>Fire/EMS:</b>				
Stations	1	1	1	2
Vehicles - Fire	8	8	8	9
Vehicles - EMS	3	3	3	3
<b>Parks and Recreation:</b>				
Parks	10	10	10	9
Pools	1	1	1	1
Splash Pads	1	1	1	1
Tennis courts	6	6	8	8
Pickleball courts	3	3	0	0
Sand volleyball courts	2	2	2	2
Basketball courts	5	5	5	5
Ball fields	13	13	13	13
Park shelter houses	15	15	15	14
<b>Streets:</b>				
Streets (miles)	131.3	131.3	131.3	130.3
Vehicles	16	16	16	17
<b>Water:</b>				
Water lines (miles)	184.82	184.82	184.82	184.82
Towers	2	2	2	2
Tower capacity	2	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.

2018	2017	2016	2015	2014	2013
1	1	1	1	1	1
15	14	13	13	13	13
1	1	1	1	1	1
9	9	9	9	9	10
5	3	3	3	3	3
8	8	8	8	8	1
1	1	1	1	1	1
1	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	12	13	14	14
13	13	13	13	13	13
128.64	128.50	128.50	127.80	122.80	142.00
18	18	18	18	17	18
184.82	184.82	156.40	151.80	151.80	151.80
2	2	3	3	3	3
2.0 mg	2.0 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 7/18/2023**

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

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