

City of Defiance, Ohio



Comprehensive Annual Financial Report

for the year ended December 31, 2017





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Defiance, Defiance County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 7, 2018

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**CITY OF DEFIANCE, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017

JOHN W. LEHNER  
FINANCE DIRECTOR

PREPARED BY THE CITY FINANCE DEPARTMENT



## INTRODUCTORY SECTION

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**CITY OF DEFIANCE, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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# DEFIANCE

*a great place to live*

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

June 18, 2018

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

## Transmittal Letter

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Defiance, Ohio (the "City") for the year ended December 31, 2017. The CAFR is the official report of the City's operations and financial position for the year, and has been developed for the benefit of Defiance residents and elected officials, investment banks, underwriters and all other interested parties. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

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

The City is required by State law to have an annual audit performed by the Auditor of State's Office or an independent public accounting firm, if permitted by the Auditor of State. Julian & Grube, Inc. performed the audit for the year ended December 31, 2017, and they have issued an unmodified ("clean") opinion. The Independent Auditor's Report on the City's financial statements is included in the Financial Section of this report.

As part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2017 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

## Profile of the Government

The City of Defiance is located in the northwest corner of Ohio and serves as the county seat of Defiance County. It was named for Fort Defiance, built at the confluence of the Auglaize and Maumee Rivers as a frontier outpost in 1794 and utilized as a staging area for attacks against the British in the War of 1812. The City was founded in 1823.

Today, the City of approximately 16,687 residents serves as a significant commercial center for a five-county, predominantly agricultural area, and is home to numerous industrial operations, including those of General Motors (automotive) and Johns Manville (construction materials/insulation). It is also home to Defiance College, an independent liberal arts college founded in 1850.

The City of Defiance is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's charter was adopted in its original form on November 8, 1983 and provides for a "Mayor-Council" form of government. The laws of the State of Ohio prevail when conflicts exist between the charter and the State Constitution and in matters where the charter is silent. The charter can only be amended by a majority vote of the City's registered voters.

The Mayor is elected to a four-year term that begins on the first day of January following the election. According to the charter, the Mayor is the chief executive officer of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all departments and divisions. The Mayor appoints a City Administrator, Law Director, and Finance Director with the advice and consent of a majority of City Council. The City Administrator serves as the principal managerial aide to the Mayor.

Legislative authority is vested in a seven-member City Council, three of whom are elected at-large and four from existing wards. City Council members are elected to staggered four-year terms in the odd numbered years, and terms begin on the first day of January following the election. The City Council enacts legislation in the form of ordinances and resolutions relative to City services, appropriating and borrowing monies, and other municipal purposes. The President of City Council is elected at-large to a four-year term. The President presides over all City Council meetings, renders a vote only in case of a tie, and serves as the acting Mayor when the Mayor is absent or for any reason unable to perform the duties of the office.

The City Council is required to adopt an annual appropriation measure, which serves as the foundation for the City's financial planning and control. The legal level of budgetary control as established in the appropriation ordinance is at the fund, department, and object level ("personnel", "operating", etc.). Budgetary modifications at the legal level of control may only be made by a subsequent ordinance of City Council.

The City provides a full range of municipal services including police, fire, and emergency medical services; water and sewer utilities; street maintenance; parks and recreation; planning and zoning; a municipal court; and general administrative services.



## **Local Economy**

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

The local economy in 2017 continued to strengthen, as evidenced by numerous factors. It was the fourth consecutive year with better than expected growth in income tax revenues (3.9 percent), the City's largest single source of revenue. Total income tax revenues topped \$10.0 million for the first time in the City's history. Retail enterprises continued to grow with the construction and opening of several new storefronts, with even more planned for 2018. And finally, unemployment rates in Defiance County held steady at a relatively low 4.9 percent, which was consistent with both the State of Ohio and national unemployment figures.

The City maintains an AA- bond rating from Standard & Poor's Ratings Services. 2017 was the fourth year of collecting income taxes at the 1.8 percent rate approved in 2013 that, again, is proving to be a source of projected long-term stability in the City's general fund.

## **Long-Term Financial Planning**

General fund balances continue to grow at rates that exceed projections. Portions of the available balance are being used to supplement the City's capital improvements budget, namely for street repair and improvement projects – items that suffered for lack of funding throughout much of the prior ten years, starting with the “Great Recession” in 2007. The City has begun to move forward with other long-delayed capital projects, as well. In addition, the pace of economic development efforts has picked up, with several promising ventures planned to begin in 2018.

The City continues to work with the Ohio EPA 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 current consent order, became prohibitive after an investment of over \$30 million in the first eight years of a twenty-year plan. Results of the evaluation effort are promising, offering projected costs over 40 percent less than the initial plan costs of \$118 million.

As noted above, the City has plans to pursue several new capital projects in 2018, some of which will require the issuance of new debt. Details are to be finalized in 2018. Outstanding general obligation debt totals \$8.96 million, representing approximately \$537 per capita. Nearly two-thirds of the balance, however, is being funded from revenues of the water and wastewater treatment utilities, not general tax dollars.

## **Awards and Acknowledgments**

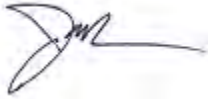
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Defiance, Ohio for its comprehensive annual financial report for the year ended December 31, 2016. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standard of preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City received for a fourth consecutive year the *Ohio Auditor of State Award with Distinction* for its “clean” audit report for the year ended December 31, 2016.

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

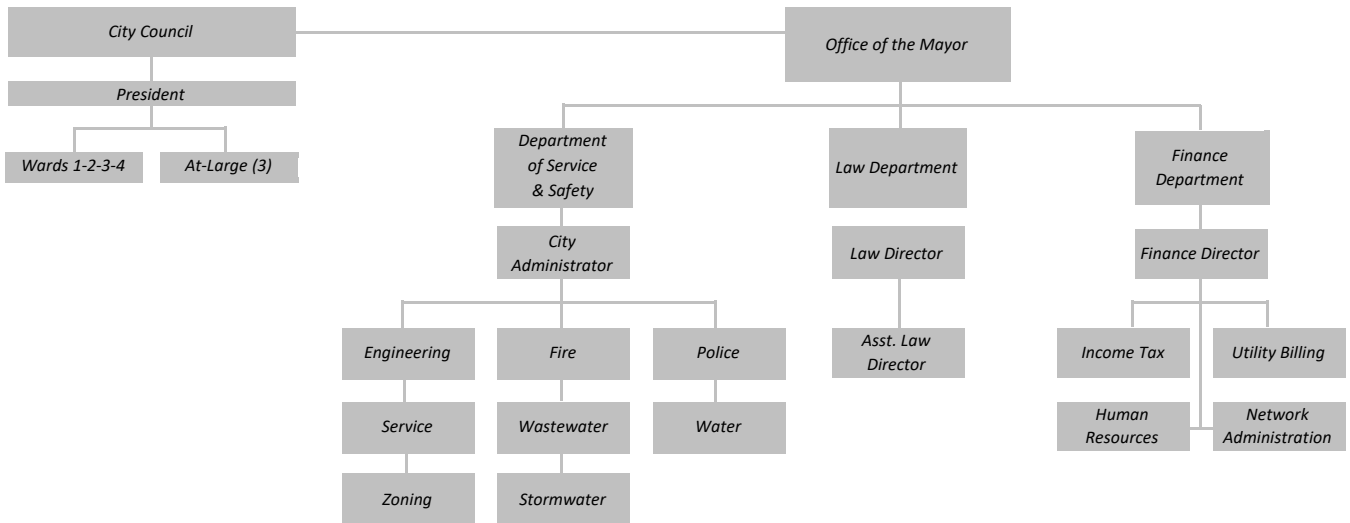
Respectfully submitted,

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

John W. Lehner  
Finance Director



**CITY OF DEFIANCE, OHIO**  
**ORGANIZATIONAL CHART**



**CITY OF DEFIANCE, OHIO**  
LIST OF ELECTED AND APPOINTED OFFICIALS  
AS OF DECEMBER 31, 2017

Elected Officials

|                       |                    |
|-----------------------|--------------------|
| Mayor                 | Mike McCann        |
| City Council:         |                    |
| President             | Mike Ketcham       |
| At-Large              | Jill Krutsch       |
| At-Large              | Jared Orzolek      |
| At-Large              | John Hancock       |
| 1 <sup>st</sup> Ward  | Peter Lundberg     |
| 2 <sup>nd</sup> Ward  | Steve Waxler       |
| 3 <sup>rd</sup> Ward  | Ben Pierce         |
| 4 <sup>th</sup> Ward  | Chris Engel        |
| Municipal Court Judge | John T. Rohrs, III |

Appointed Officials

|                       |                    |
|-----------------------|--------------------|
| City Administrator    | Jeffery S. Leonard |
| Law Director          | David H. Williams  |
| Finance Director      | John W. Lehner     |
| Council Clerk         | Lisa Elders        |
| Municipal Court Clerk | Julie Fitzenrider  |



Government Finance Officers Association

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

Presented to

**City of Defiance  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

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## FINANCIAL SECTION

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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

## Independent Auditor's Report

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

To the Members of Council and Mayor:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Defiance's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

Independent Auditor's Report  
City of Defiance

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Police and Fire Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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



Independent Auditor's Report  
City of Defiance

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018, on our consideration of the City of Defiance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Defiance's internal control over financial reporting and compliance.

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

Julian & Grube, Inc.  
June 18, 2018

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## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (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, 2017. 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 2017 are as follows:

- The total net position of the City increased \$3,175,810. Net position of governmental activities increased \$807,613 from 2016 net position, and net position of business-type activities increased \$2,368,197 from 2016 net position.
- General revenues accounted for \$12,021,219 or 74.11% of total governmental activities revenue. Program specific revenues accounted for \$4,200,470 or 25.89% of total governmental activities revenue.
- The City had \$15,365,200 in expenses related to governmental activities; \$4,200,470 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 \$12,021,219.
- The City has three major governmental funds, the general fund, the police and fire fund, and the capital improvements fund. The general fund had revenues and other financing sources of \$9,446,415 in 2017, while the expenditures and other financing uses totaled \$8,919,917. The net increase in fund balance for the general fund was \$526,498.
- The police and fire fund had revenues and other financing sources in the amount of \$5,443,756 in 2017, and expenditures totaling \$5,575,002. The net decrease in fund balance for the police and fire fund was \$131,246.
- The capital improvements fund had revenues and other financing sources of \$2,887,817 and expenditures of \$2,313,181 in 2017. The net increase in fund balance for the capital improvements fund was \$574,636.
- Net position for the business-type activities, which is made up of the sewer, water, refuse, and utility deposit enterprise funds, increased in 2017 by \$2,368,197. 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 \$280,016 greater than the amounts reported in the final budget, and actual expenditures and other financing uses were \$775,155 less than the amounts reported in the final budget as a result of closely monitored spending practices. Budgeted revenues and other financing sources were unchanged from the original to the final budget. Budgeted expenditures and other financing uses increased \$123,846 from the original to the final budget.

#### **Using this Comprehensive Annual Financial Report (CAFR)**

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

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

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

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

##### *Statement of Net Position and Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

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

##### *Fund Financial Statements*

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

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

## **CITY OF DEFIANCE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

#### ***Governmental Funds***

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the police and fire fund, and the capital improvements fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 26-31 of this report.

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

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, refuse, and utility deposits management functions. The City's major enterprise funds are the sewer fund and the water fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 32-37 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 38 of this report.

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

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 39-90 of this report.

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

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability. The required supplementary information can be found on pages 92-98 of this report.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)

**Government-wide Financial Analysis**

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2017 and 2016.

|  | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2017                    | 2016                 | 2017                     | 2016                 | 2017                 | 2016                 |
| <b><u>Assets</u></b>                         |                         |                      |                          |                      |                      |                      |
| Current and other assets                     | \$ 13,584,940           | \$ 12,731,244        | \$ 9,248,410             | \$ 9,488,758         | \$ 22,833,350        | \$ 22,220,002        |
| Capital assets, net                          | 23,890,074              | 22,604,517           | 72,172,772               | 71,372,117           | 96,062,846           | 93,976,634           |
| Total assets                                 | <u>37,475,014</u>       | <u>35,335,761</u>    | <u>81,421,182</u>        | <u>80,860,875</u>    | <u>118,896,196</u>   | <u>116,196,636</u>   |
| <b><u>Deferred outflows of resources</u></b> |                         |                      |                          |                      |                      |                      |
| Unamortized deferred charges                 | -                       | -                    | 80,217                   | 93,774               | 80,217               | 93,774               |
| Pension                                      | 3,782,583               | 3,852,852            | 1,250,812                | 938,207              | 5,033,395            | 4,791,059            |
| Total deferred outflows of resources         | <u>3,782,583</u>        | <u>3,852,852</u>     | <u>1,331,029</u>         | <u>1,031,981</u>     | <u>5,113,612</u>     | <u>4,884,833</u>     |
| <b><u>Liabilities</u></b>                    |                         |                      |                          |                      |                      |                      |
| Current liabilities                          | 1,648,385               | 1,187,692            | 2,099,431                | 2,598,056            | 3,747,816            | 3,785,748            |
| Long-term liabilities:                       |                         |                      |                          |                      |                      |                      |
| Due within one year                          | 663,235                 | 618,398              | 3,380,459                | 3,109,611            | 4,043,694            | 3,728,009            |
| Net pension liability                        | 14,216,477              | 13,076,033           | 3,092,675                | 2,333,891            | 17,309,152           | 15,409,924           |
| Other amounts                                | 5,085,900               | 5,379,563            | 32,577,723               | 34,574,468           | 37,663,623           | 39,954,031           |
| Total liabilities                            | <u>21,613,997</u>       | <u>20,261,686</u>    | <u>41,150,288</u>        | <u>42,616,026</u>    | <u>62,764,285</u>    | <u>62,877,712</u>    |
| <b><u>Deferred inflows of resources</u></b>  |                         |                      |                          |                      |                      |                      |
| Property taxes                               | 726,800                 | 750,000              | -                        | -                    | 726,800              | 750,000              |
| Pension                                      | 89,856                  | 157,596              | 42,295                   | 85,399               | 132,151              | 242,995              |
| Total deferred inflows of resources          | <u>816,656</u>          | <u>907,596</u>       | <u>42,295</u>            | <u>85,399</u>        | <u>858,951</u>       | <u>992,995</u>       |
| <b><u>Net position</u></b>                   |                         |                      |                          |                      |                      |                      |
| Net investment in capital assets             | 17,918,840              | 16,547,338           | 35,185,014               | 32,132,408           | 53,103,854           | 48,679,746           |
| Restricted                                   | 4,361,510               | 4,612,458            | -                        | -                    | 4,361,510            | 4,612,458            |
| Unrestricted (deficit)                       | <u>(3,453,406)</u>      | <u>(3,140,465)</u>   | <u>6,374,614</u>         | <u>7,059,023</u>     | <u>2,921,208</u>     | <u>3,918,558</u>     |
| Total net position                           | <u>\$ 18,826,944</u>    | <u>\$ 18,019,331</u> | <u>\$ 41,559,628</u>     | <u>\$ 39,191,431</u> | <u>\$ 60,386,572</u> | <u>\$ 57,210,762</u> |

During 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60,386,572. At December 31, 2017, net position was \$18,826,944 and \$41,559,628 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, 2017  
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At December 31, 2017, capital assets represented 80.80% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, and infrastructure. Capital assets of the governmental activities equaled 63.75% of total assets, while capital assets of the business-type activities represented 88.65% of total assets. The net investment in capital assets at December 31, 2017 was \$17,918,840 and \$35,185,014 in governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$4,361,510, 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, 2017  
(UNAUDITED)**

The table below shows the changes in net position for 2017 and 2016.

|   |                           |                           | <b>Change in Net Position</b> |                           | <b>2017<br/>Total</b> | <b>2016<br/>Total</b> |
|---|---------------------------|---------------------------|-------------------------------|---------------------------|-----------------------|-----------------------|
|   | Governmental              | Business-type             | Governmental                  | Business-type             |                       |                       |
|   | Activities<br><u>2017</u> | Activities<br><u>2017</u> | Activities<br><u>2016</u>     | Activities<br><u>2016</u> |                       |                       |
| <b>Revenues:</b>                        |                           |                           |                               |                           |                       |                       |
| Program revenues:                       |                           |                           |                               |                           |                       |                       |
| Charges for services and sales          | \$ 2,065,975              | \$ 13,798,611             | \$ 2,012,352                  | \$ 13,904,820             | \$ 15,864,586         | \$ 15,917,172         |
| Operating grants and contributions      | 1,340,732                 | -                         | 1,413,213                     | -                         | 1,340,732             | 1,413,213             |
| Capital grants and contributions        | <u>793,763</u>            | <u>505,586</u>            | <u>2,561,591</u>              | <u>287,275</u>            | <u>1,299,349</u>      | <u>2,848,866</u>      |
| Total program revenues                  | <u>4,200,470</u>          | <u>14,304,197</u>         | <u>5,987,156</u>              | <u>14,192,095</u>         | <u>18,504,667</u>     | <u>20,179,251</u>     |
| General revenues:                       |                           |                           |                               |                           |                       |                       |
| Property taxes                          | 1,101,059                 | -                         | 1,124,727                     | -                         | 1,101,059             | 1,124,727             |
| Income taxes                            | 10,359,066                | -                         | 9,818,225                     | -                         | 10,359,066            | 9,818,225             |
| Unrestricted grants and entitlements    | 256,159                   | -                         | 276,974                       | -                         | 256,159               | 276,974               |
| Investment earnings                     | 109,024                   | 106,219                   | 65,862                        | 74,504                    | 215,243               | 140,366               |
| Change in FMV of investments            | (8,649)                   | -                         | 10,967                        | -                         | (8,649)               | 10,967                |
| Miscellaneous                           | <u>204,560</u>            | <u>71,863</u>             | <u>142,151</u>                | <u>27,772</u>             | <u>276,423</u>        | <u>169,923</u>        |
| Total general revenues                  | <u>12,021,219</u>         | <u>178,082</u>            | <u>11,438,906</u>             | <u>102,276</u>            | <u>12,199,301</u>     | <u>11,541,182</u>     |
| Total revenues                          | <u>16,221,689</u>         | <u>14,482,279</u>         | <u>17,426,062</u>             | <u>14,294,371</u>         | <u>30,703,968</u>     | <u>31,720,433</u>     |
| <b>Expenses:</b>                        |                           |                           |                               |                           |                       |                       |
| General government                      | 3,644,171                 | -                         | 3,585,624                     | -                         | 3,644,171             | 3,585,624             |
| Security of persons and property        | 7,320,631                 | -                         | 7,462,722                     | -                         | 7,320,631             | 7,462,722             |
| Public health and welfare               | 361,793                   | -                         | 413,763                       | -                         | 361,793               | 413,763               |
| Transportation                          | 1,977,817                 | -                         | 2,875,847                     | -                         | 1,977,817             | 2,875,847             |
| Community environment                   | 791,726                   | -                         | 586,442                       | -                         | 791,726               | 586,442               |
| Leisure time activity                   | 787,699                   | -                         | 878,295                       | -                         | 787,699               | 878,295               |
| Economic development                    | 363,603                   | -                         | 283,231                       | -                         | 363,603               | 283,231               |
| Interest and fiscal charges             | 117,760                   | -                         | 118,987                       | -                         | 117,760               | 118,987               |
| Water                                   | -                         | 5,440,424                 | -                             | 5,033,472                 | 5,440,424             | 5,033,472             |
| Sewer                                   | -                         | 5,783,646                 | -                             | 5,358,623                 | 5,783,646             | 5,358,623             |
| Other business-type activities          | -                         | <u>938,888</u>            | -                             | <u>1,038,273</u>          | <u>938,888</u>        | <u>1,038,273</u>      |
| Total expenses                          | <u>15,365,200</u>         | <u>12,162,958</u>         | <u>16,204,911</u>             | <u>11,430,368</u>         | <u>27,528,158</u>     | <u>27,635,279</u>     |
| Change in net position before transfers | <u>856,489</u>            | <u>2,319,321</u>          | <u>1,221,151</u>              | <u>2,864,003</u>          | <u>3,175,810</u>      | <u>4,085,154</u>      |
| Transfers                               | <u>(48,876)</u>           | <u>48,876</u>             | <u>(92,880)</u>               | <u>92,880</u>             | <u>-</u>              | <u>-</u>              |
| Change in net position                  | 807,613                   | 2,368,197                 | 1,128,271                     | 2,956,883                 | 3,175,810             | 4,085,154             |
| Net position, beginning of year         | <u>18,019,331</u>         | <u>39,191,431</u>         | <u>16,891,060</u>             | <u>36,234,548</u>         | <u>57,210,762</u>     | <u>53,125,608</u>     |
| Net position, end of year               | <u>\$ 18,826,944</u>      | <u>\$ 41,559,628</u>      | <u>\$ 18,019,331</u>          | <u>\$ 39,191,431</u>      | <u>\$ 60,386,572</u>  | <u>\$ 57,210,762</u>  |

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)**

**Governmental Activities**

Governmental activities net position increased \$807,613 in 2017.

During 2017, the City's income tax revenue increase approximately \$541,000 over 2016. The income tax revenues were the result of decreasing unemployment during 2017.

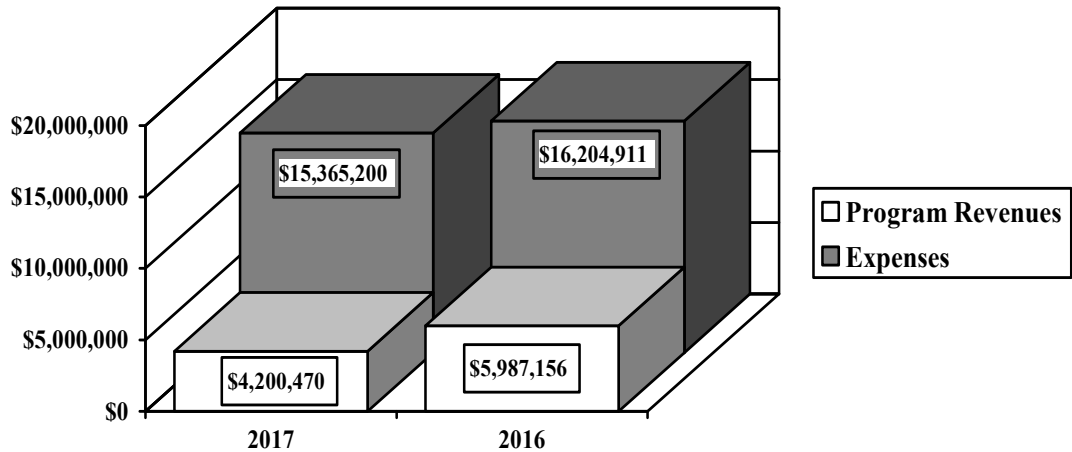
Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$7,320,631 of the total expenses of the City. These expenses were partially funded by \$1,093,831 in direct charges to users of the services and \$161,917 in operating grants and contributions. Transportation expenses totaled \$1,977,817 in 2017. Transportation expenses were partially funded by \$1,110,103 in operating grants and contributions and \$136,226 in capital grants and contributions.

The State and federal government contributed to the City a total of \$1,340,732 in operating grants and contributions and \$793,763 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$17,925 subsidized general government operations and \$50,029 subsidized economic development programs. Of the total capital grants and contributions, \$31,400 subsidized public health and welfare activities and \$230,417 subsidized leisure time activities.

General revenues totaled \$12,021,219 and amounted to 74.11% of total governmental activities revenue. These revenues primarily consist of property and income tax revenue totaling \$11,460,125. 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 \$256,159.

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 2017 and 2016. 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**

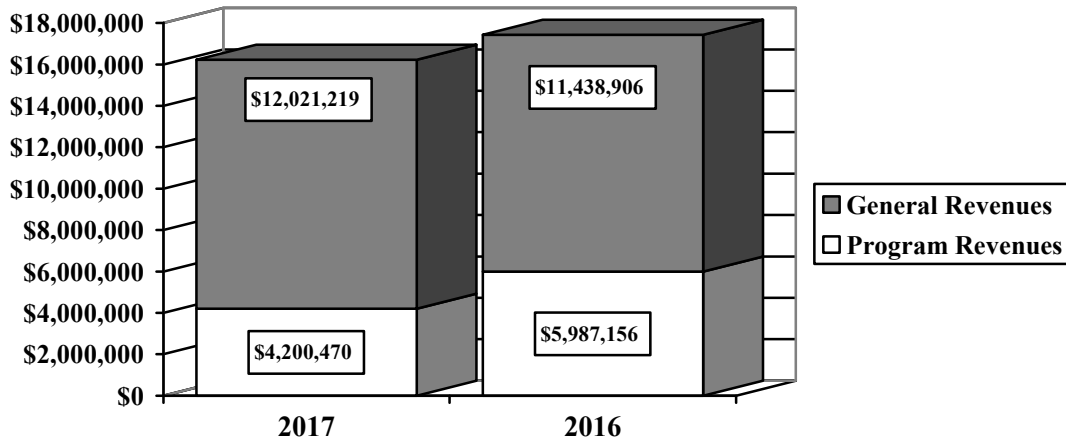
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)

**Governmental Activities**

|                                  | Total Cost of<br>Services<br><u>2017</u> | Net Cost of<br>Services<br><u>2017</u> | Total Cost of<br>Services<br><u>2016</u> | Net Cost of<br>Services<br><u>2016</u> |
|----------------------------------|--|--|--|--|
| <b>Program Expenses:</b>         |  |  |  |  |
| General government               | \$ 3,644,171                             | \$ 2,988,600                           | \$ 3,585,624                             | \$ 2,782,977                           |
| Security of persons and property | 7,320,631                                | 6,064,883                              | 7,462,722                                | 6,260,633                              |
| Public health and welfare        | 361,793                                  | 260,185                                | 413,763                                  | (434,216)                              |
| Transportation                   | 1,977,817                                | 731,488                                | 2,875,847                                | 341,752                                |
| Community environment            | 791,726                                  | 282,357                                | 586,442                                  | 443,713                                |
| Leisure time activity            | 787,699                                  | 524,790                                | 878,295                                  | 581,186                                |
| Economic development             | 363,603                                  | 194,667                                | 283,231                                  | 122,723                                |
| Interest and fiscal charges      | <u>117,760</u>                           | <u>117,760</u>                         | <u>118,987</u>                           | <u>118,987</u>                         |
| <b>Total</b>                     | <u>\$ 15,365,200</u>                     | <u>\$ 11,164,730</u>                   | <u>\$ 16,204,911</u>                     | <u>\$ 10,217,755</u>                   |

The dependence upon general revenues for governmental activities is apparent, with 72.67% of expenses supported through taxes and other general revenues.

**Governmental Activities - General and Program Revenues**



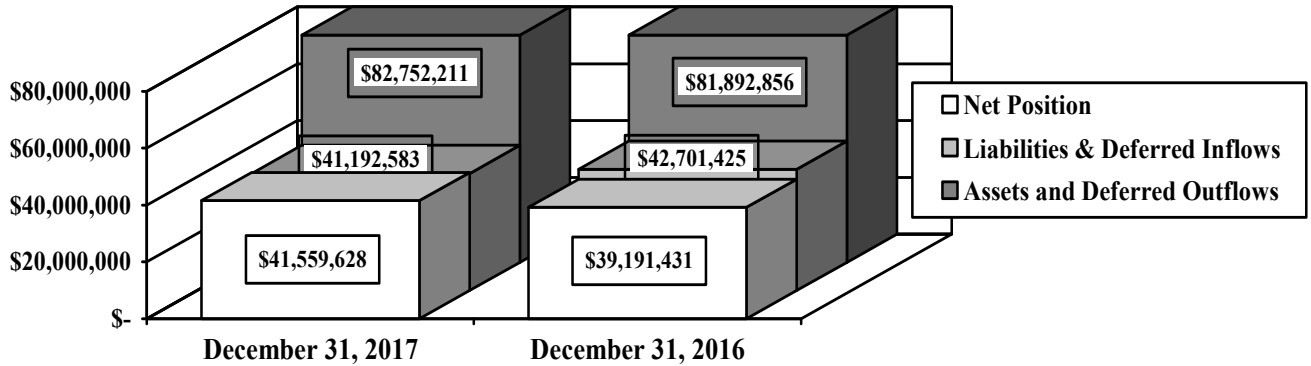
**Business-type Activities**

Business-type activities include the sewer, water, refuse, and utility deposit enterprise funds. These programs had program revenues of \$14,304,197, general revenues of \$178,082, expenses of \$12,162,958, and \$48,876 in transfers in in 2017. The graph below shows the business-type activities assets and deferred outflows of resources, liabilities, and net position at December 31, 2017 and December 31, 2016.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)

**Net Position of Business-type Activities**



**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The City's governmental funds reported a combined fund balance of \$9,897,204, which is a \$589,400 increase from last year's total balance of \$9,307,804. The table below indicates the fund balances and the total change in fund balances as of December 31, 2017 and December 31, 2016 for all major and nonmajor governmental funds.

|                             | Fund Balances<br><u>December 31, 2017</u> | Fund Balances<br><u>December 31, 2016</u> | Increase<br><u>(Decrease)</u> |
|-----------------------------|---|---|-------------------------------|
| Major funds:                |   |   |                               |
| General                     | \$ 4,387,866                              | \$ 3,861,368                              | \$ 526,498                    |
| Police and fire             | 157,029                                   | 288,275                                   | (131,246)                     |
| Capital improvements        | 1,048,597                                 | 473,961                                   | 574,636                       |
| Nonmajor governmental funds | <u>4,303,712</u>                          | <u>4,684,200</u>                          | <u>(380,488)</u>              |
| <br>Total                   | <br><u>\$ 9,897,204</u>                   | <br><u>\$ 9,307,804</u>                   | <br><u>\$ 589,400</u>         |

**General Fund**

The City's general fund balance increased \$526,498. The table that follows assists in illustrating the revenues of the general fund for 2017 and 2016.

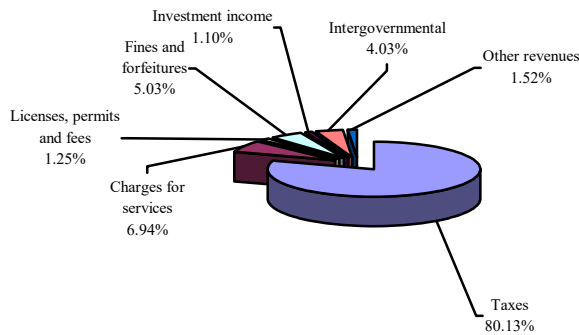
**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)**

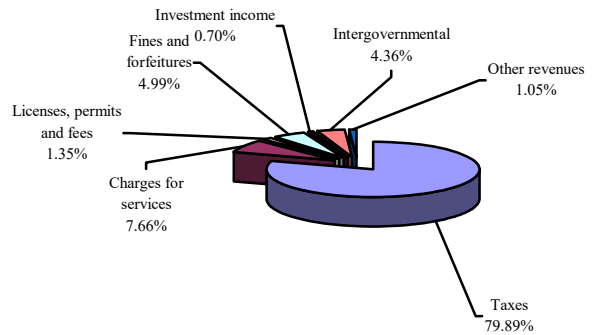
|                            | <u>2017</u><br><u>Amount</u> | <u>2016</u><br><u>Amount</u> | <u>Increase/</u><br><u>(Decrease)</u> | <u>Percentage</u><br><u>Change</u> |
|----------------------------|------------------------------|------------------------------|---------------------------------------|------------------------------------|
| <b><u>Revenues</u></b>     |                              |                              |                                       |                                    |
| Taxes                      | \$ 7,555,620                 | \$ 7,112,684                 | \$ 442,936                            | 6.23 %                             |
| Charges for services       | 654,361                      | 682,231                      | (27,870)                              | (4.09) %                           |
| Licenses, permits and fees | 117,897                      | 120,379                      | (2,482)                               | (2.06) %                           |
| Fines and forfeitures      | 474,040                      | 444,268                      | 29,772                                | 6.70 %                             |
| Investment income          | 103,296                      | 62,610                       | 40,686                                | 64.98 %                            |
| Intergovernmental          | 380,073                      | 388,629                      | (8,556)                               | (2.20) %                           |
| Other                      | <u>143,282</u>               | <u>93,199</u>                | <u>50,083</u>                         | 53.74 %                            |
| <b>Total</b>               | <b><u>\$ 9,428,569</u></b>   | <b><u>\$ 8,904,000</u></b>   | <b><u>\$ 524,569</u></b>              | <b>5.89 %</b>                      |

Overall revenues of the general fund increased \$524,569 or 5.89%. Taxes increased \$442,936 or 6.23% mainly due to an increase in income tax collections attributable to additional wages earned by the City's residents during 2017. Investment income increased \$40,686 or 64.98% primarily due to slightly higher interest rates on City investments during 2017. Charges for services decreased \$27,870 or 4.09% due to less revenue from EMS runs. All other revenue classifications remained comparable to the prior year.

**Revenues - 2017**



**Revenues - 2016**



The table that follows assists in illustrating the expenditures of the general fund for 2017 and 2016.

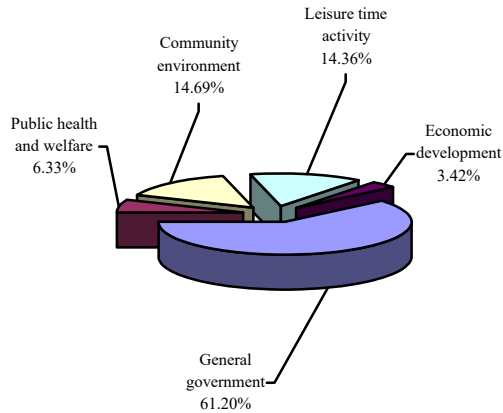
|                            | <u>2017</u><br><u>Amount</u> | <u>2016</u><br><u>Amount</u> | <u>Increase/</u><br><u>(Decrease)</u> | <u>Percentage</u><br><u>Change</u> |
|----------------------------|------------------------------|------------------------------|---------------------------------------|------------------------------------|
| <b><u>Expenditures</u></b> |                              |                              |                                       |                                    |
| General government         | \$ 2,662,438                 | \$ 2,525,513                 | \$ 136,925                            | 5.42 %                             |
| Public health and welfare  | 275,466                      | 291,343                      | (15,877)                              | (5.45) %                           |
| Community environment      | 639,132                      | 483,181                      | 155,951                               | 32.28 %                            |
| Leisure time activity      | 624,519                      | 650,598                      | (26,079)                              | (4.01) %                           |
| Economic development       | <u>148,778</u>               | <u>89,075</u>                | <u>59,703</u>                         | 67.03 %                            |
| <b>Total</b>               | <b><u>\$ 4,350,333</u></b>   | <b><u>\$ 4,039,710</u></b>   | <b><u>\$ 310,623</u></b>              | <b>7.69 %</b>                      |

## CITY OF DEFIANCE, OHIO

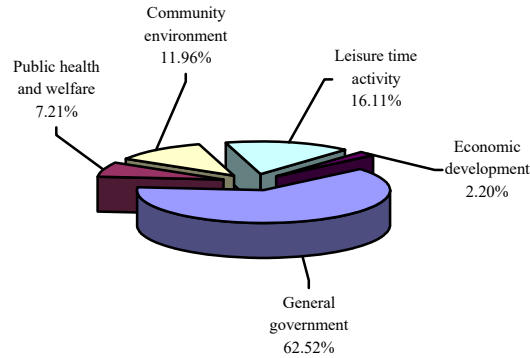
### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Overall expenditures of the general fund increased \$310,623 or 7.69%. General government expenditures increased due to an increase in expenditures related to the municipal court and community environment expenditures increased due to greater expenditures in the engineering department.

**Expenditures - 2017**



**Expenditures - 2016**



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

The police and fire fund had revenues and other financing sources in the amount of \$5,443,756 in 2017, and expenditures totaling \$5,575,002. The net decrease in fund balance for the police and fire fund was \$131,246. The expenditures of the police and fire fund were subsidized by income tax revenues of \$1,754,172, and transfers of \$3,689,584 from the general fund.

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

The capital improvements fund had revenues and other financing sources of \$2,887,817 and expenditures of \$2,313,181 in 2017. The net increase in fund balance for the capital improvements fund was \$574,636. This increase in fund balance is mainly attributable to greater income tax and donations during 2017.

#### ***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund and the police and fire fund. In the general fund, the actual revenues and other financing sources were \$9,515,716, which was \$280,016 greater than the final budgeted revenues and other financing sources of \$9,235,700. Original budgeted revenues and other financing sources were the same as the final budgeted amounts. Actual expenditures and other financing uses were \$8,983,084, which was \$775,155 less than the final budgeted expenditures and other financing uses of \$9,758,239 due to the City's conservative budgeting practices. Original budgeted expenditures and other financing uses were \$9,634,393, which is \$123,846 less than the final budgeted amounts.

**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service fund activities. The only interfund activity reported in the government-wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers), whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

**Capital Assets and Debt Administration**

***Capital Assets***

At December 31, 2017, the City had \$96,062,846 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, and infrastructure. Of this total, \$23,890,074 was reported in governmental activities and \$72,172,772 was reported in business-type activities. The following table shows December 31, 2017 balances compared to December 31, 2016.

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

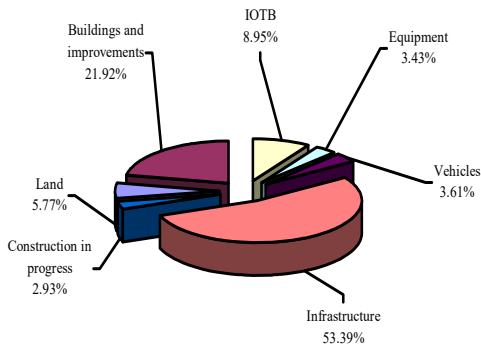
|                            | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                      | <u>Total</u>         |                      |
|----------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                            | <u>2017</u>                    | <u>2016</u>          | <u>2017</u>                     | <u>2016</u>          | <u>2017</u>          | <u>2016</u>          |
| Land                       | \$ 1,378,358                   | \$ 1,378,358         | \$ 359,741                      | \$ 359,741           | \$ 1,738,099         | \$ 1,738,099         |
| Construction in progress   | 700,951                        | 2,269,406            | 1,754,114                       | 3,662,357            | 2,455,065            | 5,931,763            |
| Land improvements          | -                              | -                    | 231,174                         | 255,640              | 231,174              | 255,640              |
| Buildings and improvements | 5,236,422                      | 4,883,575            | 15,062,039                      | 15,613,157           | 20,298,461           | 20,496,732           |
| IOTB                       | 2,137,390                      | 1,746,086            | -                               | -                    | 2,137,390            | 1,746,086            |
| Equipment                  | 819,130                        | 845,683              | 2,093,389                       | 1,924,893            | 2,912,519            | 2,770,576            |
| Vehicles                   | 861,859                        | 949,481              | 283,991                         | 333,170              | 1,145,850            | 1,282,651            |
| Infrastructure             | 12,755,964                     | 10,531,928           | 52,388,324                      | 49,223,159           | 65,144,288           | 59,755,087           |
| <b>Totals</b>              | <b>\$ 23,890,074</b>           | <b>\$ 22,604,517</b> | <b>\$ 72,172,772</b>            | <b>\$ 71,372,117</b> | <b>\$ 96,062,846</b> | <b>\$ 93,976,634</b> |

The following graphs show the breakdown of governmental activities capital assets by category at December 31, 2017 and December 31, 2016.

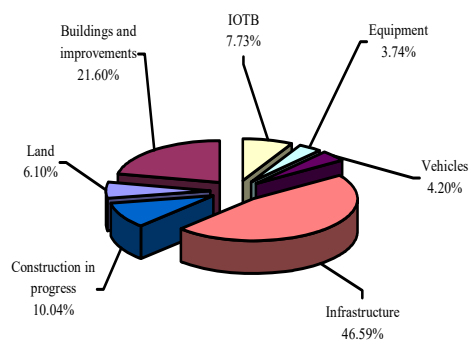
**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)**

**Capital Assets - Governmental Activities  
2017**



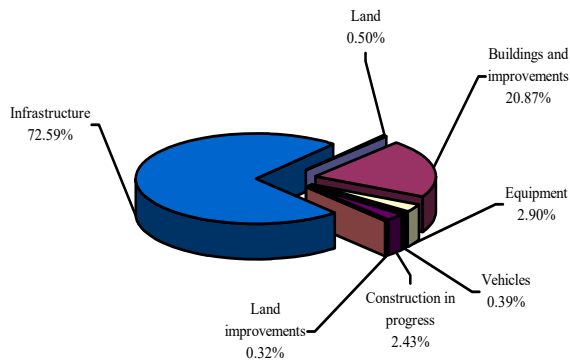
**Capital Assets - Governmental Activities  
2016**



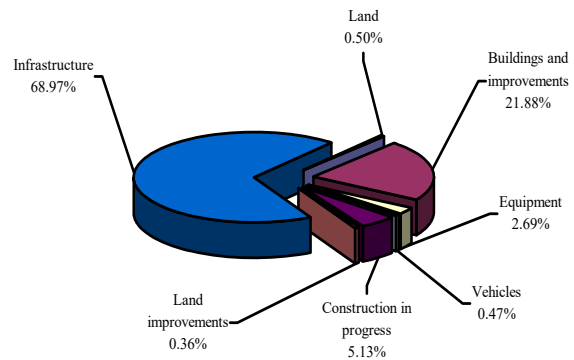
The infrastructure capital asset category includes roads, bridges, culverts, sidewalks, and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 53.39% of the City's total governmental activities capital assets at December 31, 2017.

The following graphs show the breakdown of business-type activities capital assets by category at December 31, 2017 and December 31, 2016.

**Capital Assets - Business-type Activities  
2017**



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



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 72.59% of the City's total business-type activities capital assets at December 31, 2017.

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



**CITY OF DEFIANCE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2017 and December 31, 2016.

|                             | <u>Governmental Activities</u>  |                      |
|-----------------------------|---------------------------------|----------------------|
|                             | <u>2017</u>                     | <u>2016</u>          |
| General obligation bonds    | \$ 3,060,000                    | \$ 3,235,000         |
| OWDA loans                  | 1,864,944                       | 1,981,503            |
| Capital lease obligations   | 80,240                          | 109,239              |
| Net pension liability       | 14,216,477                      | 13,076,033           |
| Compensated absences        | <u>714,638</u>                  | <u>640,782</u>       |
| Total long-term obligations | <u>\$ 19,936,299</u>            | <u>\$ 19,042,557</u> |
|                             | <u>Business-type Activities</u> |                      |
|                             | <u>2017</u>                     | <u>2016</u>          |
| General obligation bonds    | \$ 5,903,568                    | \$ 6,989,593         |
| Special assessment bonds    | -                               | 44,070               |
| OWDA loans                  | 27,048,372                      | 28,469,070           |
| OPWC loans                  | 2,452,740                       | 1,523,808            |
| Net pension liability       | 3,092,675                       | 2,333,891            |
| Compensated absences        | <u>186,078</u>                  | <u>217,608</u>       |
| Total long-term obligations | <u>\$ 38,683,433</u>            | <u>\$ 39,578,040</u> |

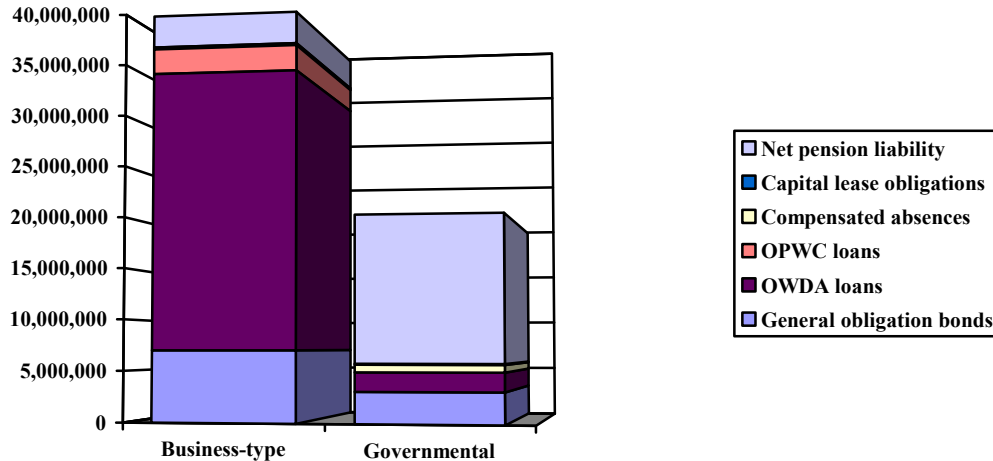
See Note 12 for additional detail on the City's debt administration.

## CITY OF DEFIANCE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

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

**Long-term Obligations at December 31, 2017**



### 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 2018 budget:

- The City continued to see growth in income tax revenues in 2017, increasing \$390,941 (on a cash basis) over 2016 collections, or 3.9%. Growth was driven by corporate filings which were up 15.3% and by employee withholding which was up 5.7%. Receipts from individual filers were down 17.8%.
- The local unemployment rate in 2017 averaged 4.9% for the third year in a row. This was slightly lower than the State of Ohio and slightly higher than the comparable national rate.
- Following 2017 in which City health insurance rates increased 4.5 percent, rates were held steady at less than a 1.0% increase for 2018. For the 3-year period 2016 – 2018, the City's health insurance premium increases have averaged just over 1.5%. This very favorable period is attributable to the continued strong overall performance of the self-insurance pool in which the City participates.
- Wage increases for all AFSCME and non-bargaining unit employees were budgeted at 2.0% for 2018; late in 2017, new contracts with the police and fire unions were finalized to include 2.75% wage increases in 2018.
- Interest rates on investments improved in 2017 (weighted average yield of 1.74% at year-end versus 1.36% in 2016). Posted interest earnings totaled nearly \$213,000 in 2017.
- City water and sewer rates were adjusted for 2018 by a combined net increase of 1.1% for a typical residential user.

In 2017, the local economy maintained a positive trajectory, with signs of full-employment, expansion in the retail sector, and progress on other promising commercial and industrial development. Income tax revenue increases were sustained for a fourth full year and were stronger in 2017 than in 2016. The City 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.

**CITY OF DEFIANCE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)**

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Defiance, 631 Perry Street, Defiance, Ohio 43512.

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CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION  
DECEMBER 31, 2017

|  | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| <b>Assets:</b>   |                            |                             |                      |
| Equity in pooled cash and cash equivalents . . . . .     | \$ 9,055,830               | \$ 7,756,517                | \$ 16,812,347        |
| Cash in segregated accounts . . . . .                    | 376,162                    | -                           | 376,162              |
| Receivables (net of allowance for uncollectibles)        |                            |                             |                      |
| Income taxes . . . . .                                   | 1,482,244                  | -                           | 1,482,244            |
| Property and other local taxes . . . . .                 | 879,724                    | -                           | 879,724              |
| Accounts . . . . .                                       | 235,647                    | 756,906                     | 992,553              |
| Loans receivable . . . . .                               | 732,163                    | -                           | 732,163              |
| Special assessments . . . . .                            | 132,422                    | 21,193                      | 153,615              |
| Accrued interest . . . . .                               | 18,524                     | 27,545                      | 46,069               |
| Due from other governments . . . . .                     | 625,241                    | -                           | 625,241              |
| Materials and supplies inventory . . . . .               | 25,796                     | 74,596                      | 100,392              |
| Net pension asset . . . . .                              | 17,076                     | 11,942                      | 29,018               |
| Internal balance . . . . .                               | 4,111                      | (4,111)                     | -                    |
| Restricted assets:                                       |                            |                             |                      |
| Equity in pooled cash and cash equivalents . . . . .     | -                          | 528,441                     | 528,441              |
| Cash in segregated accounts . . . . .                    | -                          | 75,381                      | 75,381               |
| Capital assets:  |                            |                             |                      |
| Land and construction in progress . . . . .              | 2,079,309                  | 2,113,855                   | 4,193,164            |
| Depreciable capital assets, net . . . . .                | 21,810,765                 | 70,058,917                  | 91,869,682           |
| Total capital assets, net . . . . .                      | <u>23,890,074</u>          | <u>72,172,772</u>           | <u>96,062,846</u>    |
| Total assets . . . . .                                   | <u>37,475,014</u>          | <u>81,421,182</u>           | <u>118,896,196</u>   |
| <b>Deferred outflows of resources:</b>                   |                            |                             |                      |
| Unamortized deferred charges on debt refunding . . . . . | -                          | 80,217                      | 80,217               |
| Pension - OPERS . . . . .                                | 1,834,442                  | 1,250,812                   | 3,085,254            |
| Pension - OP&F . . . . .                                 | 1,948,141                  | -                           | 1,948,141            |
| Total deferred outflows of resources . . . . .           | <u>3,782,583</u>           | <u>1,331,029</u>            | <u>5,113,612</u>     |
| <b>Liabilities:</b>                                      |                            |                             |                      |
| Accounts payable . . . . .                               | 182,748                    | 107,987                     | 290,735              |
| Contracts payable . . . . .                              | 78,862                     | 49,440                      | 128,302              |
| Accrued wages and benefits payable . . . . .             | 162,409                    | 50,510                      | 212,919              |
| Due to other governments . . . . .                       | 184,179                    | 38,832                      | 223,011              |
| Accrued interest payable . . . . .                       | 15,187                     | 19,221                      | 34,408               |
| Payable from restricted assets - refundable deposits.    | -                          | 528,441                     | 528,441              |
| Bond anticipation notes payable . . . . .                | 1,025,000                  | 1,305,000                   | 2,330,000            |
| Long-term liabilities:                                   |                            |                             |                      |
| Due within one year . . . . .                            | 663,235                    | 3,380,459                   | 4,043,694            |
| Due in more than one year:                               |                            |                             |                      |
| Due in more than one year - net pension liability.       | 14,216,477                 | 3,092,675                   | 17,309,152           |
| Other amounts due in more than one year . . . . .        | 5,085,900                  | 32,577,723                  | 37,663,623           |
| Total liabilities . . . . .                              | <u>21,613,997</u>          | <u>41,150,288</u>           | <u>62,764,285</u>    |
| <b>Deferred inflows of resources:</b>                    |                            |                             |                      |
| Property taxes levied for the next year . . . . .        | 726,800                    | -                           | 726,800              |
| Pension - OPERS . . . . .                                | 59,754                     | 42,295                      | 102,049              |
| Pension - OP&F . . . . .                                 | 30,102                     | -                           | 30,102               |
| Total deferred inflows of resources . . . . .            | <u>816,656</u>             | <u>42,295</u>               | <u>858,951</u>       |
| <b>Net position:</b>                                     |                            |                             |                      |
| Net investment in capital assets . . . . .               | 17,918,840                 | 35,185,014                  | 53,103,854           |
| Restricted for:  |                            |                             |                      |
| Capital projects . . . . .                               | 230,490                    | -                           | 230,490              |
| Debt service . . . . .                                   | 715,831                    | -                           | 715,831              |
| Transportation projects . . . . .                        | 307,179                    | -                           | 307,179              |
| Safety projects . . . . .                                | 374,231                    | -                           | 374,231              |
| Special projects . . . . .                               | 428,765                    | -                           | 428,765              |
| Community environment projects . . . . .                 | 61,637                     | -                           | 61,637               |
| Economic development projects . . . . .                  | 1,469,015                  | -                           | 1,469,015            |
| Health projects . . . . .                                | 3,919                      | -                           | 3,919                |
| Museum trust . . . . .                                   | 386,049                    | -                           | 386,049              |
| Other purposes . . . . .                                 | 384,394                    | -                           | 384,394              |
| Unrestricted (deficit) . . . . .                         | (3,453,406)                | 6,374,614                   | 2,921,208            |
| Total net position . . . . .                             | <u>\$ 18,826,944</u>       | <u>\$ 41,559,628</u>        | <u>\$ 60,386,572</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <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 . . . . .              | \$ 3,644,171         | \$ 637,646                            | \$ 17,925                                 | \$ -                                    |
| Security of persons and property. . . . . | 7,320,631            | 1,093,831                             | 161,917                                   | -                                       |
| Public health and welfare. . . . .        | 361,793              | 69,450                                | 758                                       | 31,400                                  |
| Transportation . . . . .                  | 1,977,817            | -                                     | 1,110,103                                 | 136,226                                 |
| Community environment . . . . .           | 791,726              | 113,649                               | -   | 395,720                                 |
| Leisure time activity . . . . .           | 787,699              | 32,492                                | -   | 230,417                                 |
| Economic development. . . . .             | 363,603              | 118,907                               | 50,029                                    | -                                       |
| Interest and fiscal charges . . . . .     | 117,760              | -                                     | -   | -                                       |
| Total governmental activities. . . . .    | <u>15,365,200</u>    | <u>2,065,975</u>                      | <u>1,340,732</u>                          | <u>793,763</u>                          |
| <b>Business-type activities:</b>          |                      |                                       |   |   |
| Sewer . . . . .                           | 5,783,646            | 7,274,344                             | -   | 480,822                                 |
| Water . . . . .                           | 5,440,424            | 5,559,843                             | -   | 24,764                                  |
| Other business-type activities:           |                      |                                       |   |   |
| Refuse . . . . .                          | 938,888              | 964,424                               | -   | -                                       |
| Total business-type activities . . . . .  | <u>12,162,958</u>    | <u>13,798,611</u>                     | <u>-</u>                                  | <u>505,586</u>                          |
| Total primary government . . . . .        | <u>\$ 27,528,158</u> | <u>\$ 15,864,586</u>                  | <u>\$ 1,340,732</u>                       | <u>\$ 1,299,349</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 . . . . .                  |
| Decrease in fair value of investments. . . . . |
| Miscellaneous . . . . .                        |

Total general revenues. . . . .

Transfers . . . . .

Total general revenues and transfers . . . . .

Change in net position . . . . .

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

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| <b>Net (Expense) Revenue and Changes in Net Position</b> |                                     |                      |
|--|-------------------------------------|----------------------|
| <b>Governmental<br/>Activities</b>                       | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
| \$ (2,988,600)   | \$ -                                | \$ (2,988,600)       |
| (6,064,883)  | -                                   | (6,064,883)          |
| (260,185)  | -                                   | (260,185)            |
| (731,488)  | -                                   | (731,488)            |
| (282,357)  | -                                   | (282,357)            |
| (524,790)  | -                                   | (524,790)            |
| (194,667)  | -                                   | (194,667)            |
| (117,760)  | -                                   | (117,760)            |
| <u>(11,164,730)</u>                                      | <u>-</u>                            | <u>(11,164,730)</u>  |
| -  | 1,971,520                           | 1,971,520            |
| -  | 144,183                             | 144,183              |
| -  | 25,536                              | 25,536               |
| <u>-</u>   | <u>2,141,239</u>                    | <u>2,141,239</u>     |
| <u>(11,164,730)</u>                                      | <u>2,141,239</u>                    | <u>(9,023,491)</u>   |
| 6,871,036  | -                                   | 6,871,036            |
| 1,758,540  | -                                   | 1,758,540            |
| 1,729,490  | -                                   | 1,729,490            |
| 560,928  | -                                   | 560,928              |
| 540,131  | -                                   | 540,131              |
| 256,159  | -                                   | 256,159              |
| 109,024  | 106,219                             | 215,243              |
| (8,649)  | -                                   | (8,649)              |
| 204,560  | 71,863                              | 276,423              |
| <u>12,021,219</u>  | <u>178,082</u>                      | <u>12,199,301</u>    |
| <u>(48,876)</u>  | <u>48,876</u>                       | <u>-</u>             |
| <u>11,972,343</u>  | <u>226,958</u>                      | <u>12,199,301</u>    |
| 807,613  | 2,368,197                           | 3,175,810            |
| <u>18,019,331</u>  | <u>39,191,431</u>                   | <u>57,210,762</u>    |
| <u>\$ 18,826,944</u>                                     | <u>\$ 41,559,628</u>                | <u>\$ 60,386,572</u> |

**CITY OF DEFIANCE, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

|   | <u>General</u>      | <u>Police<br/>and<br/>Fire</u> | <u>Capital<br/>Improvement</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|--------------------------------|--------------------------------|--|---|
| <b>Assets:</b>  |                     |                                |                                |  |   |
| Equity in pooled cash and cash equivalents. . . . .                             | \$ 3,661,941        | \$ 170,524                     | \$ 1,388,607                   | \$ 3,558,541                               | \$ 8,779,613                            |
| Cash in segregated accounts. . . . .  | -                   | -                              | -                              | 376,162                                    | 376,162                                 |
| Receivables (net of allowance for uncollectibles):                              |                     |                                |                                |  |   |
| Income taxes . . . . .  | 983,914             | 247,090                        | 247,090                        | 4,150                                      | 1,482,244                               |
| Property and other local taxes . . . . .  | 615,000             | -                              | -                              | 264,724                                    | 879,724                                 |
| Accounts . . . . .  | 158,514             | -                              | 378                            | 76,755                                     | 235,647                                 |
| Loans receivable . . . . .  | -                   | -                              | -                              | 732,163                                    | 732,163                                 |
| Special assessments . . . . .   | -                   | -                              | -                              | 132,422                                    | 132,422                                 |
| Accrued interest . . . . .  | 14,350              | -                              | -                              | 3,104                                      | 17,454                                  |
| Due from other governments. . . . .   | 162,237             | -                              | 48,745                         | 414,259                                    | 625,241                                 |
| Materials and supplies inventory. . . . .                                       | -                   | -                              | -                              | 25,796                                     | 25,796                                  |
| Total assets. . . . .   | <u>\$ 5,595,956</u> | <u>\$ 417,614</u>              | <u>\$ 1,684,820</u>            | <u>\$ 5,588,076</u>                        | <u>\$ 13,286,466</u>                    |
| <b>Liabilities:</b>   |                     |                                |                                |  |   |
| Accounts payable . . . . .  | \$ 120,965          | \$ 25,893                      | \$ 18,825                      | \$ 17,065                                  | \$ 182,748                              |
| Contracts payable . . . . .   | -                   | -                              | 15,497                         | 63,365                                     | 78,862                                  |
| Accrued wages and benefits payable. . . . .                                     | 72,222              | 78,354                         | -                              | 11,833                                     | 162,409                                 |
| Compensated absences payable . . . . .  | 34,175              | -                              | -                              | -  | 34,175                                  |
| Due to other governments . . . . .  | 43,373              | 82,738                         | -                              | 58,068                                     | 184,179                                 |
| Accrued interest payable . . . . .  | -                   | -                              | 3,301                          | 3,144                                      | 6,445                                   |
| Bond anticipation notes payable. . . . .  | -                   | -                              | 525,000                        | 500,000                                    | 1,025,000                               |
| Total liabilities. . . . .  | <u>270,735</u>      | <u>186,985</u>                 | <u>562,623</u>                 | <u>653,475</u>                             | <u>1,673,818</u>                        |
| <b>Deferred inflows of resources:</b>   |                     |                                |                                |  |   |
| Property taxes levied for the next year. . . . .                                | 562,000             | -                              | -                              | 164,800                                    | 726,800                                 |
| Delinquent property tax revenue not available. . . . .                          | 53,000              | -                              | -                              | -  | 53,000                                  |
| Accrued interest not available . . . . .  | 4,814               | -                              | -                              | 1,041                                      | 5,855                                   |
| Special assessments revenue not available. . . . .                              | -                   | -                              | -                              | 132,422                                    | 132,422                                 |
| Miscellaneous revenue not available. . . . .                                    | -                   | -                              | -                              | 48,407                                     | 48,407                                  |
| Income tax revenue not available . . . . .                                      | 227,620             | 73,600                         | 73,600                         | 1,236                                      | 376,056                                 |
| Intergovernmental revenue not available . . . . .                               | 89,921              | -                              | -                              | 282,983                                    | 372,904                                 |
| Total deferred inflows of resources . . . . .                                   | <u>937,355</u>      | <u>73,600</u>                  | <u>73,600</u>                  | <u>630,889</u>                             | <u>1,715,444</u>                        |
| <b>Fund balances:</b>   |                     |                                |                                |  |   |
| Nonspendable . . . . .  | 3,785               | -                              | -                              | 25,796                                     | 29,581                                  |
| Restricted . . . . .  | -                   | 157,029                        | -                              | 4,351,671                                  | 4,508,700                               |
| Committed. . . . .  | -                   | -                              | 1,048,597                      | 31,681                                     | 1,080,278                               |
| Assigned. . . . .   | 325,076             | -                              | -                              | -  | 325,076                                 |
| Unassigned (deficit) . . . . .  | 4,059,005           | -                              | -                              | (105,436)                                  | 3,953,569                               |
| Total fund balances. . . . .  | <u>4,387,866</u>    | <u>157,029</u>                 | <u>1,048,597</u>               | <u>4,303,712</u>                           | <u>9,897,204</u>                        |
| Total liabilities, deferred inflows<br>of resources and fund balances . . . . . | <u>\$ 5,595,956</u> | <u>\$ 417,614</u>              | <u>\$ 1,684,820</u>            | <u>\$ 5,588,076</u>                        | <u>\$ 13,286,466</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, 2017

|   |              |                   |
|---|--------------|-------------------|
| <b>Total governmental fund balances</b>   | \$           | 9,897,204         |
| <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.   |              | 23,890,074        |
| 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   | \$ 376,056   |                   |
| Property and other local taxes receivable   | 53,000       |                   |
| Accounts receivable   | 48,407       |                   |
| Special assessments receivable  | 132,422      |                   |
| Intergovernmental receivable  | 372,904      |                   |
| Accrued interest receivable   | 5,855        |                   |
| Total   | 988,644      | 988,644           |
| An internal service fund is used by management to charge the costs of health care to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal service fund, including an internal balance of \$4,111, is: |              | 281,398           |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.   |              | (8,742)           |
| Unamortized premiums on bond issuances are not recognized in the funds.   |              | (29,313)          |
| 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   | 17,076       |                   |
| Deferred outflows of resources  | 3,782,583    |                   |
| Deferred inflows of resources   | (89,856)     |                   |
| Net pension liability   | (14,216,477) |                   |
| Total   | (10,506,674) | (10,506,674)      |
| Long-term liabilities, including bonds payable, loans payable, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.  |              |                   |
| General obligation bonds payable  | (3,060,000)  |                   |
| OWDA loans payable  | (1,864,944)  |                   |
| Capital lease obligations payable   | (80,240)     |                   |
| Compensated absences payable  | (680,463)    |                   |
| Total   | (5,685,647)  | (5,685,647)       |
| <b>Net position of governmental activities</b>  | <b>\$</b>    | <b>18,826,944</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, 2017

|   | <u>General</u>      | <u>Police<br/>and<br/>Fire</u> | <u>Capital<br/>Improvement</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|--------------------------------|--------------------------------|--|---|
| <b>Revenues:</b>  |                     |                                |                                |  |   |
| Income taxes. . . . .   | \$ 6,987,453        | \$ 1,754,172                   | \$ 1,754,171                   | \$ 29,464                                  | \$ 10,525,260                           |
| Property and other local taxes. . . . .                               | 568,167             | -                              | -                              | 540,131                                    | 1,108,298                               |
| Charges for services. . . . .   | 654,361             | -                              | -                              | -  | 654,361                                 |
| Licenses, permits and fees. . . . .                                   | 117,897             | -                              | -                              | 185,127                                    | 303,024                                 |
| Fines and forfeitures. . . . .  | 474,040             | -                              | -                              | 356,304                                    | 830,344                                 |
| Intergovernmental. . . . .  | 380,073             | -                              | 665,461                        | 1,279,461                                  | 2,324,995                               |
| Special assessments. . . . .  | -                   | -                              | -                              | 138,504                                    | 138,504                                 |
| Investment income. . . . .  | 103,296             | -                              | -                              | 34,014                                     | 137,310                                 |
| Donations. . . . .  | 1,900               | -                              | 31,400                         | 127,670                                    | 160,970                                 |
| Increase (decrease) in fair value of investments                      | (49,514)            | -                              | -                              | 40,865                                     | (8,649)                                 |
| Other. . . . .  | 190,896             | -                              | 378                            | 41,652                                     | 232,926                                 |
| <b>Total revenues. . . . .</b>  | <u>9,428,569</u>    | <u>1,754,172</u>               | <u>2,451,410</u>               | <u>2,773,192</u>                           | <u>16,407,343</u>                       |
| <b>Expenditures:</b>  |                     |                                |                                |  |   |
| Current:  |                     |                                |                                |  |   |
| General government. . . . .   | 2,662,438           | -                              | -                              | 524,360                                    | 3,186,798                               |
| Security of persons and property. . . . .                             | -                   | 5,575,002                      | -                              | 923,439                                    | 6,498,441                               |
| Public health and welfare. . . . .                                    | 275,466             | -                              | -                              | -  | 275,466                                 |
| Transportation. . . . .   | -                   | -                              | -                              | 1,065,310                                  | 1,065,310                               |
| Community environment. . . . .  | 639,132             | -                              | -                              | -  | 639,132                                 |
| Leisure time activity. . . . .  | 624,519             | -                              | -                              | -  | 624,519                                 |
| Economic development. . . . .   | 148,778             | -                              | -                              | 413,484                                    | 562,262                                 |
| Capital outlay. . . . .   | -                   | -                              | 2,132,465                      | 382,012                                    | 2,514,477                               |
| Debt service:   |                     |                                |                                |  |   |
| Principal retirement. . . . .   | -                   | -                              | 53,999                         | 266,559                                    | 320,558                                 |
| Interest and fiscal charges. . . . .                                  | -                   | -                              | 126,717                        | 3,144                                      | 129,861                                 |
| <b>Total expenditures. . . . .</b>                                    | <u>4,350,333</u>    | <u>5,575,002</u>               | <u>2,313,181</u>               | <u>3,578,308</u>                           | <u>15,816,824</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>5,078,236</u>    | <u>(3,820,830)</u>             | <u>138,229</u>                 | <u>(805,116)</u>                           | <u>590,519</u>                          |
| <b>Other financing sources (uses):</b>                                |                     |                                |                                |  |   |
| Sale of capital assets. . . . .                                       | 17,846              | -                              | -                              | -  | 17,846                                  |
| Transfers in. . . . .   | -                   | 3,689,584                      | 431,482                        | 627,862                                    | 4,748,928                               |
| Transfers (out). . . . .  | (4,569,584)         | -                              | -                              | (207,925)                                  | (4,777,509)                             |
| Premium on note issuance. . . . .                                     | -                   | -                              | 4,925                          | 4,691                                      | 9,616                                   |
| <b>Total other financing sources (uses). . . . .</b>                  | <u>(4,551,738)</u>  | <u>3,689,584</u>               | <u>436,407</u>                 | <u>424,628</u>                             | <u>(1,119)</u>                          |
| Net change in fund balances. . . . .                                  | 526,498             | (131,246)                      | 574,636                        | (380,488)                                  | 589,400                                 |
| <b>Fund balances at beginning of year. . . . .</b>                    | 3,861,368           | 288,275                        | 473,961                        | 4,684,200                                  | 9,307,804                               |
| <b>Fund balances at end of year. . . . .</b>                          | <u>\$ 4,387,866</u> | <u>\$ 157,029</u>              | <u>\$ 1,048,597</u>            | <u>\$ 4,303,712</u>                        | <u>\$ 9,897,204</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, 2017

|  |              |                |
|--|--------------|----------------|
| <b>Net change in fund balances - total governmental funds</b>  | \$           | 589,400        |
| <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  | \$ 2,749,728 |                |
| Current year depreciation  | (1,466,021)  |                |
| Total  |              | 1,283,707      |
| The net effect of various transactions involving capital assets is to increase net position.   |              |                |
|  |              | 1,850          |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |              |                |
| Income tax revenue   | (166,194)    |                |
| Property and other local tax revenue   | (7,239)      |                |
| Special assessments revenue  | (19,597)     |                |
| Intergovernmental revenue  | (2,978)      |                |
| Investment income  | 2,922        |                |
| Other revenue  | (15,308)     |                |
| Total  |              | (208,394)      |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.   |              |                |
|  |              | 320,558        |
| In the statement of activities, interest is accrued on outstanding bonds, whereas, in the governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities.   |              |                |
| Decrease in accrued interest payable   | 361          |                |
| Amortization of bond premium   | 2,124        |                |
| Total  |              | 2,485          |
| Contractually required pension contributions are reported as an expenditure in governmental funds; however, the statement of net position reports these amounts as deferred outflows.  |              |                |
|  |              | 1,109,865      |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities.   |              |                |
|  |              | (2,252,105)    |
| 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.   |              |                |
|  |              | (39,681)       |
| The internal service fund used by management to charge the costs of health care to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance activity of \$10,257, is allocated among the governmental activities. |              |                |
|  |              | (72)           |
| <b>Change in net position of governmental activities</b>   | <b>\$</b>    | <b>807,613</b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                     |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>        | <u>Actual</u>       |   |
| <b>Revenues:</b>                                     |                         |                     |                     |   |
| Income taxes . . . . .                               | \$ 6,802,500            | \$ 6,802,500        | \$ 6,869,938        | \$ 67,438   |
| Property and other local taxes . . . . .             | 581,800                 | 581,800             | 568,167             | (13,633)  |
| Charges for services . . . . .                       | 696,600                 | 696,600             | 808,462             | 111,862   |
| Licenses, permits and fees . . . . .                 | 100,200                 | 100,200             | 117,897             | 17,697  |
| Fines and forfeitures . . . . .                      | 454,700                 | 454,700             | 472,556             | 17,856  |
| Intergovernmental . . . . .                          | 419,900                 | 419,900             | 380,677             | (39,223)  |
| Investment income . . . . .                          | 80,000                  | 80,000              | 97,376              | 17,376  |
| Donations . . . . .                                  | -                       | -                   | 1,900               | 1,900   |
| Other . . . . .                                      | 90,000                  | 90,000              | 180,897             | 90,897  |
| Total revenues . . . . .                             | <u>9,225,700</u>        | <u>9,225,700</u>    | <u>9,497,870</u>    | <u>272,170</u>  |
| <b>Expenditures:</b>                                 |                         |                     |                     |   |
| Current:   |                         |                     |                     |   |
| General government . . . . .                         | 2,897,607               | 2,939,329           | 2,678,178           | 261,151   |
| Public health and welfare . . . . .                  | 302,568                 | 306,133             | 283,823             | 22,310  |
| Community environment . . . . .                      | 697,842                 | 708,521             | 641,682             | 66,839  |
| Leisure time activity . . . . .                      | 699,366                 | 707,605             | 656,039             | 51,566  |
| Economic development . . . . .                       | 165,631                 | 167,885             | 153,778             | 14,107  |
| Total expenditures . . . . .                         | <u>4,763,014</u>        | <u>4,829,473</u>    | <u>4,413,500</u>    | <u>415,973</u>  |
| Excess of revenues over expenditures . . . . .       | <u>4,462,686</u>        | <u>4,396,227</u>    | <u>5,084,370</u>    | <u>688,143</u>  |
| <b>Other financing sources (uses):</b>               |                         |                     |                     |   |
| Sale of capital assets . . . . .                     | 10,000                  | 10,000              | 17,846              | 7,846   |
| Transfers (out) . . . . .                            | <u>(4,871,379)</u>      | <u>(4,928,766)</u>  | <u>(4,569,584)</u>  | <u>359,182</u>  |
| Total other financing sources (uses) . . . . .       | <u>(4,861,379)</u>      | <u>(4,918,766)</u>  | <u>(4,551,738)</u>  | <u>367,028</u>  |
| Net change in fund balances . . . . .                | (398,693)               | (522,539)           | 532,632             | 1,055,171   |
| <b>Fund balances at beginning of year. . . . .</b>   | 2,925,308               | 2,925,308           | 2,925,308           | -   |
| <b>Prior year encumbrances appropriated. . . . .</b> | 116,643                 | 116,643             | 116,643             | -   |
| <b>Fund balance at end of year. . . . .</b>          | <u>\$ 2,643,258</u>     | <u>\$ 2,519,412</u> | <u>\$ 3,574,583</u> | <u>\$ 1,055,171</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 POLICE AND FIRE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|--------------------|--------------------|---|
|  | <u>Original</u>         | <u>Final</u>       |                    |   |
| <b>Revenues:</b>                                     |                         |                    |                    |   |
| Income taxes . . . . .                               | \$ 1,826,620            | \$ 1,708,000       | \$ 1,725,246       | \$ 17,246   |
| Total revenues . . . . .                             | <u>1,826,620</u>        | <u>1,708,000</u>   | <u>1,725,246</u>   | <u>17,246</u>   |
| <b>Expenditures:</b>                                 |                         |                    |                    |   |
| Current:   |                         |                    |                    |   |
| Security of persons and property . . . . .           | 5,881,195               | 5,766,424          | 5,581,976          | 184,448   |
| Total expenditures . . . . .                         | <u>5,881,195</u>        | <u>5,766,424</u>   | <u>5,581,976</u>   | <u>184,448</u>  |
| Excess of expenditures over revenues . . . . .       | <u>(4,054,575)</u>      | <u>(4,058,424)</u> | <u>(3,856,730)</u> | <u>201,694</u>  |
| <b>Other financing sources:</b>                      |                         |                    |                    |   |
| Transfers in . . . . .                               | 3,906,380               | 3,775,000          | 3,689,584          | (85,416)  |
| Total other financing sources . . . . .              | <u>3,906,380</u>        | <u>3,775,000</u>   | <u>3,689,584</u>   | <u>(85,416)</u>   |
| Net change in fund balances . . . . .                | (148,195)               | (283,424)          | (167,146)          | 116,278   |
| <b>Fund balances at beginning of year. . . . .</b>   | 260,981                 | 260,981            | 260,981            | -   |
| <b>Prior year encumbrances appropriated. . . . .</b> | 52,268                  | 52,268             | 52,268             | -   |
| <b>Fund balance at end of year . . . . .</b>         | <u>\$ 165,054</u>       | <u>\$ 29,825</u>   | <u>\$ 146,103</u>  | <u>\$ 116,278</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2017

|  | <b>Business-type Activities - Enterprise Funds</b> |                   |                  |                     | <b>Governmental</b>                               |
|--|--|-------------------|------------------|---------------------|---|
|  | <b>Sewer</b>                                       | <b>Water</b>      | <b>Nonmajor</b>  | <b>Total</b>        | <b>Activities -<br/>Internal Service<br/>Fund</b> |
| <b>Assets:</b>   |  |                   |                  |                     |   |
| Current assets:  |  |                   |                  |                     |   |
| Equity in pooled cash and cash equivalents . . .                   | \$ 4,721,070                                       | \$ 2,592,487      | \$ 442,960       | \$ 7,756,517        | \$ 276,217  |
| Receivables (net of allowance for uncollectibles):                 |  |                   |                  |                     |   |
| Accounts . . . . .   | 415,498  | 257,478           | 83,930           | 756,906             | -   |
| Accrued interest . . . . .   | 17,890   | 9,655             | -                | 27,545              | 1,070   |
| Special assessments . . . . .                                      | -  | 21,193            | -                | 21,193              | -   |
| Materials and supplies inventory. . . . .                          | 13,879   | 60,717            | -                | 74,596              | -   |
| Total current assets. . . . .                                      | <u>5,168,337</u>                                   | <u>2,941,530</u>  | <u>526,890</u>   | <u>8,636,757</u>    | <u>277,287</u>                                    |
| Noncurrent assets:   |  |                   |                  |                     |   |
| Restricted equity in pooled cash<br>and cash equivalents . . . . . | -  | -                 | 528,441          | 528,441             | -   |
| Restricted cash in segregated accounts . . . . .                   | -  | -                 | 75,381           | 75,381              | -   |
| Net pension asset . . . . .  | 5,844  | 6,098             | -                | 11,942              | -   |
| Capital assets:  |  |                   |                  |                     |   |
| Land and construction in progress. . . . .                         | 1,811,729  | 302,126           | -                | 2,113,855           | -   |
| Depreciable capital assets, net. . . . .                           | 43,891,805   | 26,167,112        | -                | 70,058,917          | -   |
| Total capital assets, net . . . . .                                | <u>45,703,534</u>                                  | <u>26,469,238</u> | <u>-</u>         | <u>72,172,772</u>   | <u>-</u>  |
| Total noncurrent assets . . . . .                                  | <u>45,709,378</u>                                  | <u>26,475,336</u> | <u>603,822</u>   | <u>72,788,536</u>   | <u>-</u>  |
| Total assets . . . . .   | <u>50,877,715</u>                                  | <u>29,416,866</u> | <u>1,130,712</u> | <u>81,425,293</u>   | <u>277,287</u>                                    |
| <b>Deferred outflows of resources:</b>                             |  |                   |                  |                     |   |
| Unamortized deferred charges on refunding. . . . .                 | -  | 80,217            | -                | 80,217              | -   |
| Pension - OPERS. . . . .   | 617,077  | 633,735           | -                | 1,250,812           | -   |
| Total deferred outflows of resources . . . . .                     | <u>\$ 617,077</u>                                  | <u>\$ 713,952</u> | <u>\$ -</u>      | <u>\$ 1,331,029</u> | <u>\$ -</u>                                       |

- - Continued

**CITY OF DEFIANCE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2017

|  | <b>Business-type Activities - Enterprise Funds</b> |                      |                   |                      | <b>Governmental</b>                               |
|--|--|----------------------|-------------------|----------------------|---|
|  | <b>Sewer</b>                                       | <b>Water</b>         | <b>Nonmajor</b>   | <b>Total</b>         | <b>Activities -<br/>Internal Service<br/>Fund</b> |
| <b>Liabilities:</b>  |  |                      |                   |                      |   |
| Current liabilities:   |  |                      |                   |                      |   |
| Accounts payable . . . . .   | \$ 33,954  | \$ 26,530            | \$ 47,503         | \$ 107,987           | \$ -  |
| Contracts payable . . . . .  | 44,929   | 4,511                | -                 | 49,440               | -   |
| Accrued wages and benefits payable . . . . .   | 23,722   | 26,788               | -                 | 50,510               | -   |
| Due to other governments . . . . .   | 16,139   | 22,693               | -                 | 38,832               | -   |
| Accrued interest payable. . . . .  | 12,697   | 6,524                | -                 | 19,221               | -   |
| Payable from restricted assets:  |  |                      |                   |                      |   |
| Refundable deposits . . . . .  | -  | -                    | 528,441           | 528,441              | -   |
| Bond anticipation notes payable . . . . .  | 1,305,000  | -                    | -                 | 1,305,000            | -   |
| Compensated absences payable - current . . . . .   | 50,528   | 64,544               | -                 | 115,072              | -   |
| General obligation bonds payable - current. . . . .  | 325,000  | 850,000              | -                 | 1,175,000            | -   |
| OWDA loans payable - current . . . . .   | 1,735,528  | 201,148              | -                 | 1,936,676            | -   |
| OPWC loans payable - current. . . . .  | 10,709   | 143,002              | -                 | 153,711              | -   |
| Total current liabilities. . . . .   | <u>3,558,206</u>                                   | <u>1,345,740</u>     | <u>575,944</u>    | <u>5,479,890</u>     | <u>-</u>  |
| Long-term liabilities:   |  |                      |                   |                      |   |
| Compensated absences payable . . . . .   | 17,742   | 53,264               | -                 | 71,006               | -   |
| General obligation bonds payable . . . . .   | 1,802,415  | 3,293,577            | -                 | 5,095,992            | -   |
| OWDA loans payable . . . . .   | 19,459,698   | 5,651,998            | -                 | 25,111,696           | -   |
| OPWC loans payable. . . . .  | 16,065   | 2,282,964            | -                 | 2,299,029            | -   |
| Net pension liability . . . . .  | 1,513,348  | 1,579,327            | -                 | 3,092,675            | -   |
| Total noncurrent liabilities . . . . .   | <u>22,809,268</u>                                  | <u>12,861,130</u>    | <u>-</u>          | <u>35,670,398</u>    | <u>-</u>  |
| Total liabilities . . . . .  | <u>26,367,474</u>                                  | <u>14,206,870</u>    | <u>575,944</u>    | <u>41,150,288</u>    | <u>-</u>  |
| <b>Deferred inflows of resources:</b>  |  |                      |                   |                      |   |
| Pension - OPERS. . . . .   | <u>20,620</u>                                      | <u>21,675</u>        | <u>-</u>          | <u>42,295</u>        | <u>-</u>  |
| <b>Net position:</b>   |  |                      |                   |                      |   |
| Net investment in capital assets . . . . .   | 21,004,190   | 14,180,824           | -                 | 35,185,014           | -   |
| Unrestricted . . . . .   | <u>4,102,508</u>                                   | <u>1,721,449</u>     | <u>554,768</u>    | <u>6,378,725</u>     | <u>277,287</u>                                    |
| Total net position . . . . .   | <u>\$ 25,106,698</u>                               | <u>\$ 15,902,273</u> | <u>\$ 554,768</u> | <u>41,563,739</u>    | <u>\$ 277,287</u>                                 |
| Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds. |  |                      |                   | <u>(4,111)</u>       |   |
| Net position of business-type activities   |  |                      |                   | <u>\$ 41,559,628</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, 2017

|  | <b>Business-type Activities - Enterprise Funds</b> |                      |                   |                     | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Fund</b> |
|--|--|----------------------|-------------------|---------------------|--|
|  | <b>Sewer</b>                                       | <b>Water</b>         | <b>Nonmajor</b>   | <b>Total</b>        |  |
| <b>Operating revenues:</b>   |  |                      |                   |                     |  |
| Charges for services . . . . .   | \$ 7,274,344                                       | \$ 5,530,287         | \$ 964,424        | \$ 13,769,055       | \$ 2,907,147   |
| Tap-in fees . . . . .  | -  | 29,556               | -                 | 29,556              | -  |
| Other . . . . .  | 37,404   | 29,077               | -                 | 66,481              | -  |
| Total operating revenues . . . . .   | <u>7,311,748</u>                                   | <u>5,588,920</u>     | <u>964,424</u>    | <u>13,865,092</u>   | <u>2,907,147</u>   |
| <b>Operating expenses:</b>   |  |                      |                   |                     |  |
| Personal services . . . . .  | 2,348,580  | 2,297,114            | -                 | 4,645,694           | -  |
| Contract services . . . . .  | 628,779  | 555,688              | -                 | 1,184,467           | -  |
| Materials and supplies . . . . .   | 476,203  | 1,047,864            | -                 | 1,524,067           | -  |
| Administrative costs . . . . .   | 40,736   | 17,182               | -                 | 57,918              | -  |
| Utilities . . . . .  | 285,076  | 284,195              | 938,888           | 1,508,159           | -  |
| Claims. . . . .  | -  | -                    | -                 | -                   | 2,920,520  |
| Depreciation. . . . .  | 1,362,804  | 888,516              | -                 | 2,251,320           | -  |
| Other. . . . .   | 44   | 3,069                | -                 | 3,113               | -  |
| Total operating expenses . . . . .   | <u>5,142,222</u>                                   | <u>5,093,628</u>     | <u>938,888</u>    | <u>11,174,738</u>   | <u>2,920,520</u>   |
| Operating income (loss). . . . .   | <u>2,169,526</u>                                   | <u>495,292</u>       | <u>25,536</u>     | <u>2,690,354</u>    | <u>(13,373)</u>  |
| <b>Nonoperating revenues (expenses):</b>   |  |                      |                   |                     |  |
| Interest revenue . . . . .   | 68,899   | 37,320               | -                 | 106,219             | 3,044  |
| Gain on sale of capital assets . . . . .   | 4,709  | 673                  | -                 | 5,382               | -  |
| Interest and fiscal charges . . . . .  | (636,031)  | (341,932)            | -                 | (977,963)           | -  |
| Total nonoperating revenues (expenses) . . . . .   | <u>(562,423)</u>                                   | <u>(303,939)</u>     | <u>-</u>          | <u>(866,362)</u>    | <u>3,044</u>   |
| Income (loss) before transfers and<br>capital contributions . . . . .                                    | 1,607,103  | 191,353              | 25,536            | 1,823,992           | (10,329)   |
| Transfers in. . . . .  | 44,070   | -                    | -                 | 44,070              | -  |
| Transfers (out). . . . .   | (15,489)   | -                    | -                 | (15,489)            | -  |
| Capital contributions . . . . .  | 480,822  | 45,059               | -                 | 525,881             | -  |
| Change in net position. . . . .  | 2,116,506  | 236,412              | 25,536            | 2,378,454           | (10,329)   |
| <b>Net position at beginning of year. . . . .</b>  | <u>22,990,192</u>                                  | <u>15,665,861</u>    | <u>529,232</u>    |                     | <u>287,616</u>   |
| <b>Net position at end of year. . . . .</b>  | <u>\$ 25,106,698</u>                               | <u>\$ 15,902,273</u> | <u>\$ 554,768</u> |                     | <u>\$ 277,287</u>  |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. |  |                      |                   | (10,257)            |  |
| Change in net position of business-type activities   |  |                      |                   | <u>\$ 2,368,197</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, 2017

|  | Business-type Activities - Enterprise Funds |                     |                     |                     | Governmental                             |
|--|---|---------------------|---------------------|---------------------|--|
|  | Sewer                                       | Water               | Nonmajor            | Total               | Activities -<br>Internal Service<br>Fund |
| <b>Cash flows from operating activities:</b>                           |   |                     |                     |                     |  |
| Cash received from charges for services . . . . .                      | \$ 7,087,787                                | \$ 5,437,220        | \$ 1,022,729        | \$ 13,547,736       | \$ 2,907,147                             |
| Cash received from tap-in fees . . . . .                               | -   | 29,556              | -                   | 29,556              | -  |
| Cash received from other operations . . . . .                          | 34,374                                      | 29,077              | -                   | 63,451              | -  |
| Cash payments for personal services . . . . .                          | (2,170,028)                                 | (2,093,288)         | -                   | (4,263,316)         | -  |
| Cash payments for contractual services . . . . .                       | (620,872)                                   | (576,507)           | -                   | (1,197,379)         | -  |
| Cash payments for administrative costs . . . . .                       | (40,594)                                    | (16,689)            | -                   | (57,283)            | -  |
| Cash payments for materials and supplies . . . . .                     | (481,971)                                   | (1,061,640)         | -                   | (1,543,611)         | -  |
| Cash payments for claims . . . . .                                     | -   | -                   | -                   | -                   | (2,920,520)                              |
| Cash payments for utilities . . . . .                                  | (284,416)                                   | (284,446)           | (937,722)           | (1,506,584)         | -  |
| Cash payments for other operations . . . . .                           | (44)  | (1,473)             | (19,551)            | (21,068)            | -  |
| Net cash provided by (used in)<br>operating activities . . . . .       | <u>3,524,236</u>                            | <u>1,461,810</u>    | <u>65,456</u>       | <u>5,051,502</u>    | <u>(13,373)</u>                          |
| <b>Cash flows from noncapital financing activities:</b>                |   |                     |                     |                     |  |
| Cash received from transfers in . . . . .                              | 44,070                                      | -                   | -                   | 44,070              | -  |
| Cash payments for transfers out . . . . .                              | (15,489)                                    | -                   | -                   | (15,489)            | -  |
| Net cash provided by noncapital<br>financing activities . . . . .      | <u>28,581</u>                               | <u>-</u>            | <u>-</u>            | <u>28,581</u>       | <u>-</u>                                 |
| <b>Cash flows from capital and related<br/>financing activities:</b>   |   |                     |                     |                     |  |
| Cash received from sale of capital assets . . . . .                    | 6,559                                       | 1,048               | -                   | 7,607               | -  |
| Cash payments for the acquisition of capital assets . . . . .          | (1,868,920)                                 | (1,487,151)         | -                   | (3,356,071)         | -  |
| Cash received from issuance of loans . . . . .                         | 506,122                                     | 1,037,409           | -                   | 1,543,531           | -  |
| Cash received from issuance of notes . . . . .                         | 1,305,000                                   | -                   | -                   | 1,305,000           | -  |
| Cash received from premium on debt issuances . . . . .                 | 12,243                                      | -                   | -                   | 12,243              | -  |
| Cash payments for principal retirement . . . . .                       | (3,593,433)                                 | (1,125,934)         | -                   | (4,719,367)         | -  |
| Cash payments for interest and fiscal charges . . . . .                | (668,356)                                   | (334,218)           | -                   | (1,002,574)         | -  |
| Cash received from capital contributions . . . . .                     | 480,822                                     | 24,764              | -                   | 505,586             | -  |
| Net cash used in capital and related<br>financing activities . . . . . | <u>(3,819,963)</u>                          | <u>(1,884,082)</u>  | <u>-</u>            | <u>(5,704,045)</u>  | <u>-</u>                                 |
| <b>Cash flows from investing activities:</b>                           |   |                     |                     |                     |  |
| Cash received from interest earned . . . . .                           | 61,518                                      | 33,904              | -                   | 95,422              | 2,604                                    |
| Net cash provided by investing activities . . . . .                    | <u>61,518</u>                               | <u>33,904</u>       | <u>-</u>            | <u>95,422</u>       | <u>2,604</u>                             |
| Net increase (decrease) in cash and<br>cash equivalents . . . . .      | (205,628)                                   | (388,368)           | 65,456              | (528,540)           | (10,769)                                 |
| <b>Cash and cash equivalents at beginning of year . . . . .</b>        | <u>4,926,698</u>                            | <u>2,980,855</u>    | <u>981,326</u>      | <u>8,888,879</u>    | <u>286,986</u>                           |
| <b>Cash and cash equivalents at end of year . . . . .</b>              | <u>\$ 4,721,070</u>                         | <u>\$ 2,592,487</u> | <u>\$ 1,046,782</u> | <u>\$ 8,360,339</u> | <u>\$ 276,217</u>                        |

-- Continued

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Business-type Activities - Enterprise Funds</u> |                     |                  |                     | <u>Governmental<br/>Activities -<br/>Internal Service<br/>Fund</u> |
|--|--|---------------------|------------------|---------------------|--|
|  | <u>Sewer</u>                                       | <u>Water</u>        | <u>Nonmajor</u>  | <u>Total</u>        |  |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |  |                     |                  |                     |  |
| Operating income (loss) . . . . .  | \$ 2,169,526                                       | \$ 495,292          | \$ 25,536        | \$ 2,690,354        | \$ (13,373)  |
| Adjustments:   |  |                     |                  |                     |  |
| Depreciation. . . . .  | 1,362,804  | 888,516             | -                | 2,251,320           | -  |
| Changes in assets and liabilities:   |  |                     |                  |                     |  |
| Increase in accounts receivable. . . . .   | (189,992)  | (95,690)            | (4,920)          | (290,602)           | -  |
| Decrease in special assessments receivable. . . . .  | -  | 3,532               | -                | 3,532               | -  |
| (Increase) decrease in materials and supplies inventory . . . . .  | (6,986)  | 5,492               | -                | (1,494)             | -  |
| Increase in due from other governments. . . . .  | 405  | 687                 | -                | 1,092               | -  |
| Increase in net pension asset. . . . .   | (140)  | (40)                | -                | (180)               | -  |
| Increase in deferred outflows - pension - OPERS. . . . .   | (162,085)  | (150,520)           | -                | (312,605)           | -  |
| Increase (decrease) in accounts payable . . . . .  | 9,982  | (37,296)            | 1,166            | (26,148)            | -  |
| Increase in accrued wages and benefits . . . . .   | 3,294  | 5,241               | -                | 8,535               | -  |
| Decrease in compensated absences payable. . . . .  | (24,381)   | (7,149)             | -                | (31,530)            | -  |
| Increase (decrease) in due to other governments . . . . .  | 1,098  | (1,224)             | -                | (126)               | -  |
| Increase in utility deposits payable. . . . .  | -  | -                   | 43,674           | 43,674              | -  |
| Increase in net pension liability. . . . .   | 381,506  | 377,278             | -                | 758,784             | -  |
| Decrease in deferred inflows - pension - OPERS. . . . .  | (20,795)   | (22,309)            | -                | (43,104)            | -  |
| Net cash provided by (used in) operating activities . . . . .  | <u>\$ 3,524,236</u>                                | <u>\$ 1,461,810</u> | <u>\$ 65,456</u> | <u>\$ 5,051,502</u> | <u>\$ (13,373)</u>   |

**Non-cash transactions:**

At December 31, 2017 and December 31, 2016, the sewer fund purchased \$44,929 and \$220,471 in capital assets on account, respectively. During 2017, the water fund received \$20,295 in capital contributions from governmental activities. At December 31, 2017 and December 31, 2016, the water fund purchased \$4,511 and \$151,135 in capital assets on account, respectively. During 2017, governmental activities transferred fully depreciated capital assets to the water fund in the amount of \$17,828.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2017

|                                       | <u>Agency</u>     |
|---------------------------------------|-------------------|
| <b>Assets:</b>                        |                   |
| Cash in segregated accounts . . . . . | \$ 124,807        |
| Total assets. . . . .                 | <u>\$ 124,807</u> |
| <b>Liabilities:</b>                   |                   |
| Due to other governments . . . . .    | \$ 124,807        |
| Total liabilities. . . . .            | <u>\$ 124,807</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - DESCRIPTION OF THE CITY**

The City of Defiance, Ohio (the “City”), located in Defiance County, is a politic and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio and its charter. The City operates under a Council/Mayor form of government and provides the following services to its residents: public safety, highways and streets, water, sewer, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City’s significant accounting policies are described below.

**A. Reporting Entity**

For financial reporting purposes, the City’s BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Governing Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete. Based upon the foregoing criteria, the City has no component units.

The primary government consists of all funds, agencies, departments, and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, fire fighting and prevention, emergency medical services, street maintenance and repair, parks and recreation, water, sanitary sewer, public service, and planning and zoning.

The following organizations are described due to their relationship with the City:

***JOINTLY GOVERNED ORGANIZATIONS***

***Maumee Valley Planning Organization (MVPO)*** - The City is a member of the MVPO, which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area.

The MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county, as well as one township representative and one municipal representative for each of the five member counties. The main source of revenue is fees charged by the MVPO to administer CDBG grants, and a per capita amount from each participating city.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

The City provides resources to the Executive Council based on a membership fee and services provided to the City. The MVPO exercises total control over the operation of the MVPO including budgeting, contracting, and designating management. The City has no ongoing financial interest or responsibility for the MVPO. In 2017, the City contributed \$22,305 for the MVPO's operations. Information can be obtained from Brett J. Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

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

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

*JOINT VENTURES WITHOUT EQUITY INTEREST*

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

The main source of revenue for the MANTF is from federal grants and local matching shares from the entities. The City has no ongoing financial responsibility to the MANTF. The City has indirect access to the net resources of the MANTF since the City is able to influence the MANTF to use its surplus resources to undertake projects of interest to the City's residents. This access to the net resources of the Governing Board has not been explicitly defined, nor is it currently measurable. In 2017, the City contributed \$25,000 to the MANTF. Financial statements for the MANTF can be obtained through the Defiance County Sheriff's Office located at 113 Biede Street, Defiance, Ohio 43512.

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

The Defiance County Economic Development Employment Agreement between the Board of Trustees of the Corporation and the Defiance County Director of Economic Development states that the County's Director of Economic Development may serve as Executive Director of the Corporation, as such the Corporation has agreed to furnish Defiance County with the funds needed to pay his salary. The City of Defiance partially funds the Corporation to pay the salary of the Director of the Defiance County Economic Development. The City's degree of control over the Board of Trustees is limited to its representation on the Board of Trustees. The City made \$30 in payments to the Corporation in 2017. Information can be obtained from Jerry Hayes, Executive Director, 1300 East Second Street, Suite 201, Defiance, Ohio 43512.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

*RELATED ORGANIZATION*

*Defiance Public Library (Library)* - The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by City Council. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Defiance Public Library, 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 activities of the internal service fund are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

***Fund Financial Statements*** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**C. Fund Accounting**

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

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

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

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

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

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

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

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

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

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

**Internal Service Fund** - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for employee health insurance.



## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund that accounts for the municipal court.

#### **D. Measurement Focus and Basis of Accounting**

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

***Fund Financial Statements*** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses from the enterprise funds include personnel and other expenses related to sewer, water, refuse, and utility deposits, and operating expenses for the internal service fund include claims expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

#### **E. Basis of Accounting**

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants and entitlements, and donations. On the accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants and entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

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

**F. Budgetary Data**

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

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

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

**G. Health Care**

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

## CITY OF DEFIANCE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

##### H. Cash and Investments

To improve cash management, cash received by the City, other than cash in segregated accounts, is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" and "investments" on the basic financial statements.

During 2017, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable and nonnegotiable certificates of deposit, a U.S. Government money market mutual fund, and federal agency securities. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost.

During 2017, 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 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue earned and credited to the general fund during 2017 amounted to \$103,296, which included \$58,752 assigned from other funds of the City.

The City has segregated bank accounts for monies held separate from the City's central bank account. These monies are held for museum trust, environmental trust, and municipal court operations. These interest bearing depository accounts are presented on the basic financial statements as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's investment account at year end is provided in Note 4.

##### I. Restricted Assets

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**J. Inventories of Materials and Supplies**

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

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

Inventory consists of expendable supplies held for consumption.

**K. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$2,500. The City's infrastructure consists primarily of roads, bridges, culverts, and sanitary sewers. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized for the business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>                | <u>Governmental<br/>Activities<br/>Estimated Lives</u> | <u>Business-type<br/>Activities<br/>Estimated Lives</u> |
|-----------------------------------|--|---|
| Improvements other than buildings | 15 - 30 years  | N/A   |
| Land improvements                 | N/A  | 15 - 20 years   |
| Buildings and improvements        | 15 - 45 years  | 15 - 50 years   |
| Equipment                         | 10 - 20 years  | 10 - 30 years   |
| Infrastructure                    | 30 years   | 30 - 50 years   |
| Vehicles                          | 6 - 15 years   | 6 - 15 years  |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**L. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

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

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

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

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

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, net pension liability, and claims and judgements that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, and capital lease obligations are recognized as liabilities on the governmental fund financial statements when due.

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

**N. Interfund Activity**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**O. Fund Balance**

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

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

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

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

**P. Contributions of Capital**

Contributions of capital in governmental activities and proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, from grants or outside contributions of resources restricted to capital acquisition and construction, or from other funds within the City.

During 2017, the water and sewer funds received \$24,764 and \$480,822, respectively, in capital contributions in the form of grants restricted to capital acquisition and construction. The water fund also received \$20,295 in capital contributions from the governmental activities.

**Q. Estimates**

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



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**R. Net Position**

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

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The City reported neither type of transaction during 2017.

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

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

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

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**U. Pensions**

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

**V. Fair Value Measurements**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2017, the City has implemented GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*", GASB Statement No. 81 "*Irrevocable Split-Interest Agreements*", and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*".

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 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, 2017

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

**B. Deficit Fund Balance**

Fund balances at December 31, 2017 included the following individual fund deficit:

|                                    |                |
|------------------------------------|----------------|
| <u>Nonmajor governmental fund:</u> | <u>Deficit</u> |
| Splash pad trust fund              | \$ 105,436     |

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

**A. Cash on Hand**

At December 31, 2017, 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, 2017, the City had \$576,350 in cash in segregated accounts held for museum trust, environmental trust, and municipal court operations. This amount is not included in "Deposits with Financial Institutions" below.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**C. Deposits with Financial Institutions**

At December 31, 2017, the carrying amount of all City deposits was \$7,357,920. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2017, \$3,109,172 of the City’s bank balance of \$7,657,521 was exposed to custodial credit risk as discussed below, while \$4,548,349 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2017, the City’s financial institutions did not participate in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**D. Investments**

At December 31, 2017, the City had the following investments and maturities:

| Measurement\<br>Investment Type | Measurement<br>Value | Investment Maturities |                   |                    |                     |                           |
|---------------------------------|----------------------|-----------------------|-------------------|--------------------|---------------------|---------------------------|
|                                 |                      | 6 Months or<br>Less   | 7 to 12<br>Months | 13 to 18<br>Months | 19 to 24<br>Months  | Greater than<br>24 Months |
| Amortized cost:                 |                      |                       |                   |                    |                     |                           |
| STAR Ohio                       | \$ 1,073,772         | \$ 1,073,772          | \$ -              | \$ -               | \$ -                | \$ -                      |
| Fair value:                     |                      |                       |                   |                    |                     |                           |
| FHLMC                           | 2,014,988            | -                     | -                 | -                  | -                   | 2,014,988                 |
| FNMA                            | 485,350              | -                     | -                 | -                  | -                   | 485,350                   |
| FFCB                            | 927,147              | -                     | -                 | -                  | -                   | 927,147                   |
| FHLB                            | 248,422              | -                     | -                 | -                  | -                   | 248,422                   |
| Negotiable CDs                  | 5,185,389            | -                     | 989,116           | -                  | 1,486,586           | 2,709,687                 |
| U.S. Government<br>money market | 45,550               | 45,550                | -                 | -                  | -                   | -                         |
| Total                           | <u>\$ 9,980,618</u>  | <u>\$ 1,119,322</u>   | <u>\$ 989,116</u> | <u>\$ -</u>        | <u>\$ 1,486,586</u> | <u>\$ 6,385,594</u>       |

The weighted average maturity of investments is 2.59 years.

The City’s investment in a U.S. Government money market is valued using quoted prices in active markets (Level 1 inputs). The City’s investments in federal agency securities 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).

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City’s investment policy limits investment portfolio maturities to five years or less except for investments in City owned bonds, which extend beyond five years.

*Credit Risk:* Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The U.S. Government money market mutual fund carries a rating of AAAM by Standard & Poor’s. The City’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The City’s investments in negotiable certificates of deposit are fully insured by the FDIC. The City’s investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City’s investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The percentage of each investment type held by the City at December 31, 2017 follows:

| Measurement\<br>Investment Type | Measurement<br>Value | % of Total |
|---------------------------------|----------------------|------------|
| Amortized cost:                 |                      |            |
| STAR Ohio                       | \$ 1,073,772         | 10.76      |
| Fair value:                     |                      |            |
| FHLMC                           | 2,014,988            | 20.19      |
| FNMA                            | 485,350              | 4.86       |
| FFCB                            | 927,147              | 9.29       |
| FHLB                            | 248,422              | 2.49       |
| Negotiable CDs                  | 5,185,389            | 51.95      |
| U.S. Government money<br>market | 45,550               | 0.46       |
| Total                           | \$ 9,980,618         | 100.00     |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position at December 31, 2017:

|   |                      |
|---|----------------------|
| <u>Cash and investments per note</u>                          |                      |
| Carrying amount of deposits                                   | \$ 7,357,920         |
| Investments   | 9,980,618            |
| Cash in segregated accounts                                   | 576,350              |
| Cash on hand  | <u>2,250</u>         |
| Total   | <u>\$ 17,917,138</u> |
| <br><u>Cash and investments per statement of net position</u> |                      |
| Governmental activities                                       | \$ 9,431,992         |
| Business-type activities                                      | 8,360,339            |
| Agency fund   | <u>124,807</u>       |
| Total   | <u>\$ 17,917,138</u> |

**NOTE 5 - INTERFUND TRANSACTIONS**

During 2017, interfund transfers consisted of the following, as reported in the fund financial statements:

|  |                     |
|--|---------------------|
| <u>Transfers from the general fund to:</u>               |                     |
| Police and fire fund                                     | \$ 3,689,584        |
| Capital improvement                                      | 300,000             |
| Nonmajor governmental funds                              | 580,000             |
| <u>Transfer from the nonmajor governmental funds to:</u> |                     |
| Capital improvement                                      | 131,482             |
| <u>Transfer from the sewer fund to:</u>                  |                     |
| Nonmajor bond retirement fund                            | 15,489              |
| <u>Transfer from nonmajor bond retirement fund to:</u>   |                     |
| Nonmajor governmental funds                              | 32,373              |
| Sewer fund   | <u>44,070</u>       |
| Total transfers  | <u>\$ 4,792,998</u> |

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

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. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 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, 2017 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 2017 operations, and the delinquent portion, since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is unavailable.

The full tax rate for all City operations for the year ended December 31, 2017 was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2017 property tax receipts were based are as follows:

|                               |                       |
|-------------------------------|-----------------------|
| <u>Real property</u>          |                       |
| Residential/agricultural      | \$ 189,364,380        |
| Commercial/industrial/mineral | 85,238,710            |
| <br>                          |                       |
| <u>Public utility</u>         |                       |
| Real                          | 47,080                |
| Personal                      | 34,607,230            |
| Total assessed value          | <u>\$ 309,257,400</u> |



**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2017. Income tax revenue for 2017 was \$10,525,260 on the modified accrual basis of accounting.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2017 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, 2017.

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

**Governmental activities:**

|                                |             |
|--------------------------------|-------------|
| Income taxes                   | \$1,482,244 |
| Property and other local taxes | 879,724     |
| Accounts                       | 235,647     |
| Loans receivable               | 732,163     |
| Special assessments            | 132,422     |
| Accrued interest               | 18,524      |
| Due from other governments     | 625,241     |

**Business-type activities:**

|                     |         |
|---------------------|---------|
| Accounts            | 756,906 |
| Special assessments | 21,193  |
| Accrued interest    | 27,545  |

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, 2017

**NOTE 9 - CAPITAL ASSETS**

The following activity occurred in the City's governmental activities capital assets during 2017:

| <b><u>Governmental activities:</u></b>             | Balance                |                     |                       | Balance                  |
|--|------------------------|---------------------|-----------------------|--------------------------|
|  | <u>January 1, 2017</u> | <u>Additions</u>    | <u>Disposals</u>      | <u>December 31, 2017</u> |
| <i>Capital assets, not being depreciated:</i>      |                        |                     |                       |                          |
| Land   | \$ 1,378,358           | \$ -                | \$ -                  | \$ 1,378,358             |
| Construction in progress                           | <u>2,269,406</u>       | <u>1,300,605</u>    | <u>(2,869,060)</u>    | <u>700,951</u>           |
| <i>Total capital assets, not being depreciated</i> | <u>3,647,764</u>       | <u>1,300,605</u>    | <u>(2,869,060)</u>    | <u>2,079,309</u>         |
| <i>Capital assets, being depreciated:</i>          |                        |                     |                       |                          |
| Buildings and improvements                         | 9,594,863              | 613,758             | (228,384)             | 9,980,237                |
| Improvements other than buildings                  | 2,823,758              | 520,662             | (18,277)              | 3,326,143                |
| Equipment  | 2,708,537              | 120,071             | (3,500)               | 2,825,108                |
| Vehicles   | 3,166,691              | 177,437             | (36,628)              | 3,307,500                |
| Infrastructure                                     | <u>22,021,633</u>      | <u>2,929,692</u>    | <u>-</u>              | <u>24,951,325</u>        |
| <i>Total capital assets, being depreciated</i>     | <u>40,315,482</u>      | <u>4,361,620</u>    | <u>(286,789)</u>      | <u>44,390,313</u>        |
| <i>Less: accumulated depreciation:</i>             |                        |                     |                       |                          |
| Buildings and improvements                         | (4,711,288)            | (260,911)           | 228,384               | (4,743,815)              |
| Improvements other than buildings                  | (1,077,672)            | (129,358)           | 18,277                | (1,188,753)              |
| Equipment  | (1,862,854)            | (146,624)           | 3,500                 | (2,005,978)              |
| Vehicles   | (2,217,210)            | (265,059)           | 36,628                | (2,445,641)              |
| Infrastructure                                     | <u>(11,489,705)</u>    | <u>(705,656)</u>    | <u>-</u>              | <u>(12,195,361)</u>      |
| <i>Total accumulated depreciation</i>              | <u>(21,358,729)</u>    | <u>(1,507,608)</u>  | <u>286,789</u>        | <u>(22,579,548)</u>      |
| Total capital assets, net                          | <u>\$ 22,604,517</u>   | <u>\$ 4,154,617</u> | <u>\$ (2,869,060)</u> | <u>\$ 23,890,074</u>     |

During 2017, the City transferred two vehicles from the sewer fund to the governmental activities. The cost of the capital assets totaled \$43,437 and the associated accumulated depreciation totaled \$41,587. These amounts are included in the additions column in the table above.

Depreciation expense was charged to governmental activities as follows:

|  |                     |
|--|---------------------|
| <b><u>Governmental activities:</u></b>               |                     |
| General government                                   | \$ 221,708          |
| Security of persons and property                     | 209,852             |
| Public health and welfare                            | 50,810              |
| Transportation                                       | 811,410             |
| Community environment                                | 39,947              |
| Leisure time activity                                | <u>132,294</u>      |
| Total depreciation expense - governmental activities | <u>\$ 1,466,021</u> |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

The following activity occurred in the City's business-type activities capital assets during 2017:

|  | Balance                |                     |                       | Balance                  |
|--|------------------------|---------------------|-----------------------|--------------------------|
| <b><u>Business-type activities:</u></b>            | <u>January 1, 2017</u> | <u>Additions</u>    | <u>Disposals</u>      | <u>December 31, 2017</u> |
| <i>Capital assets, not being depreciated:</i>      |                        |                     |                       |                          |
| Land   | \$ 359,741             | \$ -                | \$ -                  | \$ 359,741               |
| Construction in progress                           | <u>3,662,357</u>       | <u>2,515,581</u>    | <u>(4,423,824)</u>    | <u>1,754,114</u>         |
| <i>Total capital assets, not being depreciated</i> | <u>4,022,098</u>       | <u>2,515,581</u>    | <u>(4,423,824)</u>    | <u>2,113,855</u>         |
| <i>Capital assets, being depreciated:</i>          |                        |                     |                       |                          |
| Land improvements                                  | 1,003,504              | 6,754               | -                     | 1,010,258                |
| Buildings and improvements                         | 30,321,568             | 118,636             | (98,100)              | 30,342,104               |
| Equipment  | 4,223,911              | 376,786             | (37,336)              | 4,563,361                |
| Vehicles   | 1,160,044              | 54,271              | (43,437)              | 1,170,878                |
| Infrastructure                                     | <u>65,574,256</u>      | <u>4,423,824</u>    | <u>-</u>              | <u>69,998,080</u>        |
| <i>Total capital assets, being depreciated</i>     | <u>102,283,283</u>     | <u>4,980,271</u>    | <u>(178,873)</u>      | <u>107,084,681</u>       |
| <i>Less: accumulated depreciation:</i>             |                        |                     |                       |                          |
| Land improvements                                  | (747,864)              | (31,220)            | -                     | (779,084)                |
| Buildings and improvements                         | (14,708,411)           | (669,754)           | 98,100                | (15,280,065)             |
| Equipment  | (2,299,018)            | (207,915)           | 36,961                | (2,469,972)              |
| Vehicles   | (826,874)              | (101,600)           | 41,587                | (886,887)                |
| Infrastructure                                     | <u>(16,351,097)</u>    | <u>(1,258,659)</u>  | <u>-</u>              | <u>(17,609,756)</u>      |
| <i>Total accumulated depreciation</i>              | <u>(34,933,264)</u>    | <u>(2,269,148)</u>  | <u>176,648</u>        | <u>(37,025,764)</u>      |
| Total capital assets, net                          | <u>\$ 71,372,117</u>   | <u>\$ 5,226,704</u> | <u>\$ (4,426,049)</u> | <u>\$ 72,172,772</u>     |

During 2017, the City transferred a vehicle from the governmental activities to the water fund. The cost of this capital asset was \$17,828 and the associated accumulated depreciation was \$17,828. These amounts are included in the additions column of the table above.

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

|   |                     |
|---|---------------------|
| <b><u>Business-type activities:</u></b>               |                     |
| Sewer   | \$ 1,362,804        |
| Water   | <u>888,516</u>      |
| Total depreciation expense - business-type activities | <u>\$ 2,251,320</u> |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**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 \$417,820 at December 31, 2017. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service. Upon retirement, an employee is paid a percentage of his accumulated sick leave within various limits. The total obligation for sick leave for the City as a whole amounted to \$482,896 at December 31, 2017. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

**NOTE 11 - CAPITAL LEASES**

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

The tractor has been capitalized in the governmental activities. The cost of the capital asset resulting from the capital lease in the governmental activities totals \$196,890, which represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2017, accumulated depreciation was \$114,853, resulting in a net book value of \$82,037. A corresponding liability has been recorded in the governmental activities long-term obligations. Principal payments in 2017 totaled \$28,999. The capital lease payments were made from the capital improvements fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement, and the present value of the minimum lease payments as of December 31, 2017:

| Year Ending<br><u>December 31,</u>          | <u>Amount</u>    |
|---|------------------|
| 2018  | \$ 31,840        |
| 2019  | <u>51,800</u>    |
| Total                                       | 83,640           |
| Less: amount representing interest          | <u>(3,400)</u>   |
| Present value of net minimum lease payments | <u>\$ 80,240</u> |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 12 - LONG-TERM OBLIGATIONS**

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

During 2017, the following changes occurred in governmental activities long-term obligations.

| <u>Governmental activities:</u>    | Original<br>Amount | Balance<br>1/1/17    | Additions           | Reductions          | Balance<br>12/31/17  | Amount<br>Due in<br>One Year |
|------------------------------------|--------------------|----------------------|---------------------|---------------------|----------------------|------------------------------|
| General obligation bonds:          |                    |                      |                     |                     |                      |                              |
| Series 2011 Bonds - 2.00-4.00%     | \$4,075,000        | \$ 3,235,000         | \$ -                | \$ (175,000)        | \$ 3,060,000         | \$ 180,000                   |
| OWDA loan - 0%                     | 2,331,180          | 1,981,503            | -                   | (116,559)           | 1,864,944            | 116,559                      |
| Capital lease obligation           | 196,890            | 109,239              | -                   | (28,999)            | 80,240               | 29,753                       |
| Net pension liability              |                    | 13,076,033           | 1,179,321           | (38,877)            | 14,216,477           | -                            |
| Compensated absences               |                    | <u>640,782</u>       | <u>433,864</u>      | <u>(360,008)</u>    | <u>714,638</u>       | <u>336,923</u>               |
| Total                              |                    | <u>\$ 19,042,557</u> | <u>\$ 1,613,185</u> | <u>\$ (719,443)</u> | 19,936,299           | <u>\$ 663,235</u>            |
| Add: unamortized bond premium      |                    |                      |                     |                     | <u>29,313</u>        |                              |
| Total on statement of net position |                    |                      |                     |                     | <u>\$ 19,965,612</u> |                              |

General Obligation Bonds

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

OWDA Loan

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

Capital Lease Obligation

The capital lease obligation is described in Note 11.

Compensated Absences

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Net Pension Liability

The City's net pension liability is described in Note 15. The City pays obligations related to employee compensation from the fund benefitting from their service, which for the City's governmental activities, is the general fund, police and fire fund, and the following nonmajor governmental funds: street construction, maintenance and repair fund, municipal probation services fund, probation incentive grant fund, hotel/motel tax fund, police pension fund and 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:

| <u>Year Ending</u> | <u>General Obligation Bonds</u> |                   |                     | <u>OWDA Loan</u>    |
|--------------------|---------------------------------|-------------------|---------------------|---------------------|
|                    | <u>Principal</u>                | <u>Interest</u>   | <u>Total</u>        | <u>Principal</u>    |
| 2018               | \$ 180,000                      | \$ 106,075        | \$ 286,075          | \$ 116,559          |
| 2019               | 185,000                         | 98,875            | 283,875             | 116,559             |
| 2020               | 190,000                         | 93,325            | 283,325             | 116,559             |
| 2021               | 195,000                         | 87,625            | 282,625             | 116,559             |
| 2022               | 200,000                         | 81,775            | 281,775             | 116,559             |
| 2023 - 2027        | 1,090,000                       | 309,575           | 1,399,575           | 582,795             |
| 2028 - 2032        | 1,020,000                       | 100,170           | 1,120,170           | 582,795             |
| 2033               | -                               | -                 | -                   | 116,559             |
| Total              | <u>\$ 3,060,000</u>             | <u>\$ 877,420</u> | <u>\$ 3,937,420</u> | <u>\$ 1,864,944</u> |

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2017, the City's voted debt margin was \$30,004,178 and the unvoted debt margin was \$17,009,157.

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

During 2017, the following changes occurred in business-type activities long-term obligations.

| <b><u>Business-type activities:</u></b>    | <u>Interest<br/>Rate</u> | <u>Balance<br/>1/1/17</u> | <u>Additions</u>    | <u>Reductions</u>     | <u>Balance<br/>12/31/17</u> | <u>Amount Due<br/>in One Year</u> |
|--|--------------------------|---------------------------|---------------------|-----------------------|-----------------------------|-----------------------------------|
| <b><u>General obligation bonds:</u></b>    |                          |                           |                     |                       |                             |                                   |
| Waterworks - Series 2016 Refunding:        |                          |                           |                     |                       |                             |                                   |
| Current interest bonds                     | 0.75-2.23%               | \$ 2,935,000              | \$ -                | \$ (465,000)          | \$ 2,470,000                | \$ 475,000                        |
| Capital appreciation bonds                 | 2.15%                    | 209,999                   | -                   | -                     | 209,999                     | -                                 |
| Accreted interest                          |                          | 9,594                     | 48,975              | -                     | 58,569                      | -                                 |
| Waterworks - Series 2016A Refunding        | 3.00%                    | 1,520,000                 | -                   | (370,000)             | 1,150,000                   | 375,000                           |
| Sewer - Series 2016B Improvement           | 3.00%                    | <u>2,315,000</u>          | <u>-</u>            | <u>(300,000)</u>      | <u>2,015,000</u>            | <u>325,000</u>                    |
| Total general obligation bonds             |                          | <u>6,989,593</u>          | <u>48,975</u>       | <u>(1,135,000)</u>    | <u>5,903,568</u>            | <u>1,175,000</u>                  |
| <b><u>Special assessment bonds:</u></b>    |                          |                           |                     |                       |                             |                                   |
| Sewer Street Improvements - Series 2000    | 5.75%                    | <u>44,070</u>             | <u>-</u>            | <u>(44,070)</u>       | <u>-</u>                    | <u>-</u>                          |
| <b><u>Other long-term obligations:</u></b> |                          |                           |                     |                       |                             |                                   |
| OWDA loans                                 | 2.38-4.14%               | 28,469,070                | 506,122             | (1,926,820)           | 27,048,372                  | 1,936,676                         |
| OPWC loans                                 | 0.00-4.00%               | 1,523,808                 | 1,037,409           | (108,477)             | 2,452,740                   | 153,711                           |
| Net pension liability                      |                          | 2,333,891                 | 758,784             | -                     | 3,092,675                   | -                                 |
| Compensated absences                       |                          | <u>217,608</u>            | <u>123,391</u>      | <u>(154,921)</u>      | <u>186,078</u>              | <u>115,072</u>                    |
| Total other long-term obligations          |                          | <u>32,544,377</u>         | <u>2,425,706</u>    | <u>(2,190,218)</u>    | <u>32,779,865</u>           | <u>2,205,459</u>                  |
| Total                                      |                          | <u>\$ 39,578,040</u>      | <u>\$ 2,474,681</u> | <u>\$ (3,369,288)</u> | <u>38,683,433</u>           | <u>\$ 3,380,459</u>               |
| Add: unamortized bond premium              |                          |                           |                     |                       | <u>367,424</u>              |                                   |
| Total on statement of net position         |                          |                           |                     |                       | <u>\$ 39,050,857</u>        |                                   |

**General Obligation Bonds**

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

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

The Series 2016 Bonds are comprised of both current interest bonds, par value \$2,970,000, and capital appreciation bonds, par value \$209,999. The interest rates on the current interest bonds range from 0.75% to 2.23%. The capital appreciation bonds mature on December 1, 2020 (approximate initial offering yield to maturity 2.15%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$490,000. A total of \$58,569 in accreted interest on the capital appreciation bonds has been included on the statement of net position at December 31, 2017.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

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

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

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

Special Assessment Bonds

On August 3, 2000, the City issued \$145,434 in special assessment bonds to finance the costs of sewer improvements to South Jefferson Street. These bonds bear interest at a rate of 5.75% and mature on December 1, 2020. During 2017, the City retired the bonds in full.

Compensated Absences

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

Net Pension Liability

The City's net pension liability is described in Note 15. The City pays obligations related to employee compensation from the fund benefitting from their service, which for the City's business-type activities, is the water fund and sewer fund.

Future Debt Service Requirements

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

| Year Ending | General Obligation Bonds |                   |                     |                            |                   |                   |
|-------------|--------------------------|-------------------|---------------------|----------------------------|-------------------|-------------------|
|             | Current Interest Bonds   |                   |                     | Capital Appreciation Bonds |                   |                   |
|             | Principal                | Interest          | Total               | Principal                  | Interest          | Total             |
| 2018        | \$ 1,175,000             | \$ 132,181        | \$ 1,307,181        | \$ -                       | \$ -              | \$ -              |
| 2019        | 1,190,000                | 105,244           | 1,295,244           | -                          | -                 | -                 |
| 2020        | 725,000                  | 80,604            | 805,604             | 209,999                    | 280,001           | 490,000           |
| 2021        | 825,000                  | 62,104            | 887,104             | -                          | -                 | -                 |
| 2022        | 850,000                  | 42,988            | 892,988             | -                          | -                 | -                 |
| 2023        | 870,000                  | 22,134            | 892,134             | -                          | -                 | -                 |
| Total       | <u>\$ 5,635,000</u>      | <u>\$ 445,255</u> | <u>\$ 6,080,255</u> | <u>\$ 209,999</u>          | <u>\$ 280,001</u> | <u>\$ 490,000</u> |



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

OWDA Loans

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

At December 31, 2017, the City had the following OWDA loans outstanding:

| Purpose                                       | Interest<br>Rate | Maturity<br>Date | Balance<br>Outstanding<br>12/31/2017 |
|---|------------------|------------------|--------------------------------------|
| <b><u>Sewer Fund:</u></b>                     |                  |                  |                                      |
| Wastewater treatment plant improvements       | 3.91%            | 7/1/2020         | \$ 1,383,958                         |
| Group 6 sewer planning                        | 3.25%            | 7/1/2029         | 327,032                              |
| Group 4 sewer design                          | 3.25%            | 1/1/2029         | 534,385                              |
| Group 1/3 combined sewer separation           | 3.36%            | 1/1/2030         | 2,910,764                            |
| Group 2 express sewer                         | 3.36%            | 1/1/2030         | 1,654,046                            |
| Group 5 sewer planning/SSES                   | 3.25%            | 1/1/2031         | 329,740                              |
| Group 6 sewer design                          | 3.25%            | 1/1/2030         | 279,219                              |
| Group 4 sewer separation                      | 3.53%            | 1/1/2031         | 4,707,546                            |
| Group 5 design                                | 4.14%            | 1/1/2031         | 136,673                              |
| Group 31A river intrusion elimination project | 4.14%            | 1/1/2031         | 368,326                              |
| Group 6 sewer separation                      | 3.70%            | 1/1/2031         | 1,537,966                            |
| Group 5 sewer separation                      | 3.25%            | 1/1/2031         | 2,448,156                            |
| Group 12/14 sewer planning                    | 2.62%            | 7/1/2031         | 398,744                              |
| LTCP planning                                 | 3.28%            | 1/1/2034         | 406,212                              |
| Group 14/15 sewer separation                  | 2.45%            | 1/1/2034         | 1,837,224                            |
| 2012 CSO long-term control planning           | 2.69%            | 1/1/2034         | 357,818                              |
| CSO LTCP planning pace - year 2013            | 2.38%            | 7/1/2035         | 456,864                              |
| Group 13 inflow reduction                     | 3.40%            | 7/1/2034         | 299,409                              |
| CSO LTCP planning - year 2015                 | 2.03%            | 1/1/2036         | 344,631                              |
| <b><u>"Open" OWDA Loan</u></b>                |                  |                  |                                      |
| Auglaize interceptor sewer rehab              | 1.83%            | 1/1/2037         | 476,513                              |
|   |                  |                  | <u>21,195,226</u>                    |
| <b><u>Water Fund:</u></b>                     |                  |                  |                                      |
| Reservoir construction                        | 4.09%            | 7/1/2037         | 5,853,146                            |
| Total OWDA loans                              |                  |                  | <u>\$ 27,048,372</u>                 |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

The City has pledged future sewer revenues and water revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and water fund revenues, and are payable through 2037. Annual principal and interest payments on the loans are expected to require 54.52 percent of net revenues and 21.23 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$33,476,936. Principal and interest paid for the current year was \$2,738,416, total net revenues were \$5,022,357, and total revenues were \$12,900,668.

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, 2017):

| Year Ending | OWDA Loans Payable   |                     |                      |
|-------------|----------------------|---------------------|----------------------|
|             | Principal            | Interest            | Total                |
| 2018        | \$ 1,936,676         | \$ 833,717          | \$ 2,770,393         |
| 2019        | 2,005,952            | 773,315             | 2,779,267            |
| 2020        | 1,784,511            | 710,729             | 2,495,240            |
| 2021        | 1,548,370            | 659,160             | 2,207,530            |
| 2022        | 1,601,645            | 610,252             | 2,211,897            |
| 2023 - 2027 | 8,875,041            | 2,255,550           | 11,130,591           |
| 2028 - 2032 | 6,659,297            | 868,748             | 7,528,045            |
| 2033 - 2037 | <u>2,160,367</u>     | <u>193,604</u>      | <u>2,353,971</u>     |
| Total       | <u>\$ 26,571,859</u> | <u>\$ 6,905,075</u> | <u>\$ 33,476,934</u> |

OPWC Loans

Improvements to the City's water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2017, the City has the following loans outstanding with OPWC:

|                           | Interest<br>Rate | Maturity<br>Date | Balance<br>Outstanding<br>12/31/2017 |
|---------------------------|------------------|------------------|--------------------------------------|
| <b><u>Water Fund:</u></b> |                  |                  |                                      |
| OPWC loan                 | 0.00%            | 1/1/2019         | 19,598                               |
| OPWC loan                 | 0.00%            | 7/1/2037         | <u>2,406,368</u>                     |
|                           |                  |                  | <u>2,425,966</u>                     |
| <b><u>Sewer Fund:</u></b> |                  |                  |                                      |
| OPWC loan                 | 0.00%            | 7/1/2020         | <u>26,774</u>                        |
| Total OPWC loans          |                  |                  | <u>\$ 2,452,740</u>                  |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

Future Debt Service Requirements

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

| Year Ending | OPWC Loans Payable |          |              |
|-------------|--------------------|----------|--------------|
|             | Principal          | Interest | Total        |
| 2018        | \$ 153,711         | \$ -     | \$ 153,711   |
| 2019        | 134,113            | -        | 134,113      |
| 2020        | 128,759            | -        | 128,759      |
| 2021        | 123,403            | -        | 123,403      |
| 2022        | 123,404            | -        | 123,404      |
| 2023-2027   | 617,017            | -        | 617,017      |
| 2028-2032   | 617,017            | -        | 617,017      |
| 2033-2037   | 555,316            | -        | 555,316      |
| Total       | \$ 2,452,740       | \$ -     | \$ 2,452,740 |

**NOTE 13 - NOTES PAYABLE**

Business-type Activities

On September 21, 2016, the City issued \$1,505,000 in bond anticipation notes to refinance \$1,145,000 of bond anticipation notes that were previously issued on September 22, 2015. The \$1,505,000 bond anticipation notes outstanding at December 31, 2016 had an interest rate of 2.00% and matured on September 21, 2017. On September 20, 2017, the City issued \$1,305,000 in bond anticipation notes to refinance the September 21, 2016 bond anticipation notes. The bond anticipation notes outstanding at December 31, 2017 bear interest at a rate of 2.25% and mature on September 20, 2018. Proceeds of the bond anticipation note issuances are being used to finance improvements to the City's sanitary sewer system. The bond anticipation notes are a liability of the sewer fund.

Governmental Activities

On September 21, 2016, the City issued \$700,000 in bond anticipation notes. \$500,000 in proceeds of these notes are for South Clinton Street improvements and \$200,000 in proceeds are for the purchase of an ambulance. The notes bear an interest rate of 2.00% and matured on September 21, 2017. On September 20, 2017, the City issued \$1,025,000 in bond anticipation notes to refinance the September 21, 2016 bond anticipation notes and provide \$500,000 for construction of a splash pad. The bond anticipation notes outstanding at December 31, 2017 bear interest at a rate of 2.25% and mature on September 20, 2018. The bond anticipation notes are liability of the capital improvements fund and the splash pad trust fund (a nonmajor governmental fund).

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

A summary of the bond anticipation note transactions for the year ended December 31, 2017 follows:

|                                  | Maturity<br>Date | Outstanding<br>1/1/2017 | Issued              | Retired              | Outstanding<br>12/31/2017 |
|----------------------------------|------------------|-------------------------|---------------------|----------------------|---------------------------|
| <u>Business-type activities:</u> |                  |                         |                     |                      |                           |
| Sewer bond anticipation notes:   |                  |                         |                     |                      |                           |
| Series 2016 BAN - 2.00%          | 9/21/2017        | \$ 1,505,000            | \$ -                | \$(1,505,000)        | \$ -                      |
| Series 2017 BAN - 2.25%          | 9/20/2018        | -                       | 1,305,000           | -                    | 1,305,000                 |
| <u>Governmental activities:</u>  |                  |                         |                     |                      |                           |
| Capital improvement fund:        |                  |                         |                     |                      |                           |
| Series 2016 BAN - 2.00%          | 9/21/2017        | 700,000                 | -                   | (700,000)            | -                         |
| Series 2017 BAN - 2.25%          | 9/20/2018        | -                       | 525,000             | -                    | 525,000                   |
| Splash pad trust fund:           |                  |                         |                     |                      |                           |
| Series 2017 BAN - 2.25%          | 9/20/2018        | -                       | 500,000             | -                    | 500,000                   |
| Total bond anticipation notes    |                  | <u>\$ 2,205,000</u>     | <u>\$ 2,330,000</u> | <u>\$(2,205,000)</u> | <u>\$ 2,330,000</u>       |

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters, and injuries to employees. To manage these risks, the City participates in various jointly funded pools, both risk sharing and group rated, to provide separate and distinct coverage for each type of risk, as described below.

**A. BORMA Property and Casualty Pool**

During 2017, 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 2017 totaled \$262,685.

For the plan year, which includes December 31, 2017, BORMA, Inc. is subject to a \$25,000 per occurrence retention for any property or liability loss. The loss amount in excess of BORMA, Inc.'s \$25,000 retention is covered through PERC and various excess insurance companies up to the following amounts:

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

**B. BORMA Benefits Pool**

The BORMA Benefits Pool (the "Pool") is for employee benefits and includes life insurance, accidental death and dismemberment insurance, health insurance, and prescription drug insurance. Plan options and levels of coverage are established independently by each Pool member for its employees. Premiums paid into the Pool by each member are based on the level of coverage within each respective plan. The Pool includes twenty-one public entities in the State of Ohio. Member contributions are calculated annually to produce a sufficient sum of money within the Pool to fund administrative expenses and to create reserves for claims.

As of December 31, 2017, the Pool had total reported assets of \$6,791,461. The 2017 monthly premiums paid by the City per covered employee were \$2,009 for family coverage, \$1,322 for two-party coverage with spouse, \$1,180 for two-party coverage with child, and \$634 for single coverage. The monthly life insurance premium was \$1.74. The cost of coverage for premiums is paid out of each respective fund and division that pays the salary of the individuals covered under the plan. Employees contribute a portion of each monthly premium through payroll withholding. During 2017, the City paid \$2,894,909 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2017 was \$200,000 per individual; coverage in excess of this amount was provided by Aetna Life Insurance Co.

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

**C. Workers' Compensation**

The City participates in the State of Ohio Bureau of Workers' Compensation Group Rating Program through its membership in the Ohio Municipal League. The City pays the State Workers' Compensation System an annual premium that is a computed percentage of the previous year's payroll, plus administrative costs. Annual premiums are based on the previous five years' loss history. In 2017, the City paid \$169,494 in total workers' compensation premiums and administrative costs.

**D. State Unemployment Benefits**

Political subdivisions in Ohio are not required to pay the State's unemployment tax. Instead, the City pays unemployment benefits claims directly to the Ohio Department of Job and Family Services, as they occur. During 2017, the City did not make any payments to the Ohio Department of Job and Family Services for unemployment benefits claims.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability/Asset***

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

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

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

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

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

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

| <b>Group A</b>  | <b>Group B</b>  | <b>Group C</b>  |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013   | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013                       | 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><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit       | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit       | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit         |
| <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

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

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

|  | State<br>and Local |
|--|--------------------|
| <b>2017 Statutory Maximum Contribution Rates</b> |                    |
| Employer   | 14.0 %             |
| Employee   | 10.0 %             |
| <br><b>2017 Actual Contribution Rates</b>        |                    |
| Employer:  |                    |
| Pension  | 13.0 %             |
| Post-employment Health Care Benefits             | 1.0 %              |
| Total Employer                                   | 14.0 %             |
| <br>Employee                                     | <br>10.0 %         |

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$671,719 for 2017. Of this amount, \$79,743 is reported as due to other governments.



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

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

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

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

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

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

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

|  | Police      | Firefighters |
|--|-------------|--------------|
| <b>2017 Statutory Maximum Contribution Rates</b> |             |              |
| Employer   | 19.50 %     | 24.00 %      |
| Employee   | 12.25 %     | 12.25 %      |
| <br><b>2017 Actual Contribution Rates</b>        |             |              |
| Employer:  |             |              |
| Pension  | 19.00 %     | 23.50 %      |
| Post-employment Health Care Benefits             | 0.50 %      | 0.50 %       |
| <br>Total Employer                               | <br>19.50 % | <br>24.00 %  |
| <br>Employee                                     | <br>12.25 % | <br>12.25 %  |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$714,586 for 2017. Of this amount \$81,602 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. 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:

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

|  | <u>OPERS -<br/>Traditional</u> | <u>OPERS -<br/>Combined</u> | <u>OPERS -<br/>Member-<br/>Directed</u> | <u>OP&amp;F</u>    | <u>Total</u>  |
|--|--------------------------------|-----------------------------|---|--------------------|---------------|
| Proportion of the net<br>pension liability/asset<br>prior measurement date   | 0.03219600%                    | 0.05706000%                 | 0.08853500%                             | 0.15285400%        |               |
| Proportion of the net<br>pension liability/asset<br>current measurement date | <u>0.03309300%</u>             | <u>0.05144200%</u>          | <u>0.09280100%</u>                      | <u>0.15463300%</u> |               |
| Change in proportionate share  | <u>0.00089700%</u>             | <u>-0.00561800%</u>         | <u>0.00426600%</u>                      | <u>0.00177900%</u> |               |
| Proportionate share of the net<br>pension liability                          | \$ 7,514,858                   | \$ -                        | \$ -                                    | \$ 9,794,294       | \$ 17,309,152 |
| Proportionate share of the net<br>pension asset                              | -                              | 28,631                      | 387                                     | -                  | 29,018        |
| Pension expense  | 1,642,298                      | 20,685                      | 477                                     | 1,267,980          | 2,931,440     |

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**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | OPERS -<br>Traditional | OPERS -<br>Combined | OPERS -<br>Member-<br>Directed | OP&F                | Total               |
|--|------------------------|---------------------|--------------------------------|---------------------|---------------------|
| <b>Deferred outflows<br/>of resources</b>  |                        |                     |                                |                     |                     |
| Differences between<br>expected and<br>actual experience   | \$ 10,186              | \$ -                | \$ 3,934                       | \$ 2,771            | \$ 16,891           |
| Net difference between<br>projected and actual earnings<br>on pension plan investments             | 1,119,136              | 6,987               | 334                            | 952,453             | 2,078,910           |
| Changes of assumptions   | 1,191,947              | 6,978               | 435                            | -                   | 1,199,360           |
| Changes in employer's<br>proportionate percentage/<br>difference between<br>employer contributions | 73,599                 | -                   | -                              | 278,331             | 351,930             |
| City contributions<br>subsequent to the<br>measurement date  | 604,608                | 17,301              | 49,810                         | 714,586             | 1,386,305           |
| Total deferred<br>outflows of resources  | <u>\$ 2,999,476</u>    | <u>\$ 31,266</u>    | <u>\$ 54,513</u>               | <u>\$ 1,948,141</u> | <u>\$ 5,033,396</u> |
| <b>Deferred inflows<br/>of resources</b>   |                        |                     |                                |                     |                     |
| Differences between<br>expected and<br>actual experience   | \$ 44,725              | \$ 14,643           | \$ -                           | \$ 22,551           | \$ 81,919           |
| Changes in employer's<br>proportionate percentage/<br>difference between<br>employer contributions | 42,680                 | -                   | -                              | 7,551               | 50,231              |
| Total deferred<br>inflows of resources   | <u>\$ 87,405</u>       | <u>\$ 14,643</u>    | <u>\$ -</u>                    | <u>\$ 30,102</u>    | <u>\$ 132,150</u>   |

\$1,386,305 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2018.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 15 - 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 -<br>Traditional | OPERS -<br>Combined | OPERS -<br>Member-<br>Directed | OP&F                | Total               |
|--------------------------|------------------------|---------------------|--------------------------------|---------------------|---------------------|
| 2018                     | \$ 937,637             | \$ 1,356            | \$ 689                         | \$ 420,449          | \$ 1,360,131        |
| 2019                     | 1,001,782              | 1,356               | 689                            | 420,448             | 1,424,275           |
| 2020                     | 400,847                | 1,055               | 668                            | 337,910             | 740,480             |
| 2021                     | (32,803)               | (1,419)             | 544                            | (2,125)             | (35,803)            |
| 2022                     | -                      | (1,161)             | 564                            | 25,038              | 24,441              |
| Thereafter               | -                      | (1,865)             | 1,549                          | 1,733               | 1,417               |
| <b>Total</b>             | <b>\$ 2,307,463</b>    | <b>\$ (678)</b>     | <b>\$ 4,703</b>                | <b>\$ 1,203,453</b> | <b>\$ 3,514,941</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, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, 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 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

|   |  |
|---|--|
| Wage inflation  | 3.25%  |
| Future salary increases, including inflation<br>COLA or ad hoc COLA | 3.25% to 10.75% including wage inflation<br>Pre 1/7/2013 retirees: 3.00%, simple<br>Post 1/7/2013 retirees: 3.00%, simple<br>through 2018, then 2.15% simple |
| Investment rate of return   | 7.50%  |
| Actuarial cost method   | Individual entry age   |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Weighted Average<br/>Long-Term Expected<br/>Real Rate of Return<br/>(Arithmetic)</u> |
|------------------------|------------------------------|---|
| Fixed income           | 23.00 %                      | 2.75 %  |
| Domestic equities      | 20.70                        | 6.34  |
| Real estate            | 10.00                        | 4.75  |
| Private equity         | 10.00                        | 8.97  |
| International equities | 18.30                        | 7.95  |
| Other investments      | 18.00                        | 4.92  |
| Total                  | <u>100.00 %</u>              | <u>5.66 %</u>   |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

|   | 1% Decrease<br>(6.50%) | Current<br>Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
|---|------------------------|-------------------------------------|------------------------|
| City's proportionate share<br>of the net pension liability (asset): |                        |                                     |                        |
| Traditional Pension Plan  | \$ 11,480,624          | \$ 7,514,858                        | \$ 4,210,091           |
| Combined Plan   | 2,058                  | (28,631)                            | (52,471)               |
| Member-Directed Plan  | 928                    | (387)                               | (928)                  |

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

|                            |                        |
|----------------------------|------------------------|
| Valuation date             | January 1, 2016        |
| Actuarial cost method      | Entry age normal       |
| Investment rate of return  | 8.25%                  |
| Projected salary increases | 4.25% - 11.00%         |
| Payroll increases          | 3.75%                  |
| Inflation assumptions      | 3.25%                  |
| Cost of living adjustments | 2.60% and 3.00% simple |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2017 actuarial valuation.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>10 Year Expected<br/>Real Rate of Return **</u> | <u>30 Year Expected<br/>Real Rate of Return **</u> |
|-----------------------------|------------------------------|--|--|
| Cash and Cash Equivalents   | - %                          |  |  |
| Domestic Equity             | 16.00                        | 4.46 %   | 5.21 %   |
| Non-US Equity               | 16.00                        | 4.66   | 5.40   |
| Core Fixed Income *         | 20.00                        | 1.67   | 2.37   |
| Global Inflation            |                              |  |  |
| Protected Securities *      | 20.00                        | 0.49   | 2.33   |
| High Yield                  | 15.00                        | 3.33   | 4.48   |
| Real Estate                 | 12.00                        | 4.71   | 5.65   |
| Private Markets             | 8.00                         | 7.31   | 7.99   |
| Timber                      | 5.00                         | 6.87   | 6.87   |
| Master Limited Partnerships | 8.00                         | 6.92   | 7.36   |
| <b>Total</b>                | <u>120.00 %</u>              |  |  |

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

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



**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

|  | 1% Decrease<br>(7.25%) | Current<br>Discount Rate<br>(8.25%) | 1% Increase<br>(9.25%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share<br>of the net pension liability | \$ 13,044,846          | \$ 9,794,294                        | \$ 7,039,417           |

**Changes Between Measurement Date and Report Date** - In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, it has the potential to impact the City’s net pension liability.

**NOTE 16 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$67,763, \$112,005, and \$84,989, respectively; 89.22% has been contributed for 2017 and 100% has been contributed for 2016 and 2015. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

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

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$9,403 and \$7,601 for the year ended December 31, 2017, \$9,374 and \$7,528 for the year ended December 31, 2016, and \$8,825 and \$7,145, for the year ended December 31, 2015. 100% has been contributed for 2016 and 2015. 88.67% has been contributed for police and 89.02% has been contributed for firefighters for 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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                            | \$ 532,632 | \$ (167,146)    |
| Net adjustment for revenue accruals     | (69,495)   | 28,926          |
| Net adjustment for expenditure accruals | (61,336)   | (17,447)        |
| Funds budgeted elsewhere                | 108        | -               |
| Adjustment for encumbrances             | 124,589    | 24,421          |
| GAAP basis                              | \$ 526,498 | \$ (131,246)    |

The unclaimed monies fund is legally budgeted in a separate fund classification, but is 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, 2017

**NOTE 18 - LOANS RECEIVABLE**

Loans receivable represent low interest loans made by the City for development projects and businesses under the Community Development Block Grant (CDBG) Program. A summary of the loans receivable activity is as follows:

|            | <u>Balance<br/>1/1/2017</u> | <u>Additions</u> | <u>Deletions</u>    | <u>Balance<br/>12/31/2017</u> |
|------------|-----------------------------|------------------|---------------------|-------------------------------|
| CDBG loans | <u>\$ 847,232</u>           | <u>\$ 38,000</u> | <u>\$ (153,069)</u> | <u>\$ 732,163</u>             |

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

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2017.

**B. Litigation**

At December 31, 2017, 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, 2017.

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 20 - CONTRACTUAL COMMITMENTS**

At December 31, 2017, the City had the following outstanding contractual commitments:

| Vendor                                | Contract<br>Amount  | Amount Paid       | Amount<br>Outstanding |
|---------------------------------------|---------------------|-------------------|-----------------------|
| Beckett & Raeder, Inc.                | \$ 27,660           | \$ 20,381         | \$ 7,279              |
| Mannik & Smith Group                  | 14,300              | 5,148             | 9,152                 |
| MS Consultants, Inc.                  | 148,303             | 32,908            | 115,395               |
| Strand Associates, Inc.               | 233,600             | 175,189           | 58,411                |
| Sutphen Corp.                         | 478,958             | -                 | 478,958               |
| Vortex USA, Inc.                      | 356,985             | -                 | 356,985               |
| Richland Co. & Associates             | 36,668              | -                 | 36,668                |
| Gametime, Inc.                        | 31,325              | 20,375            | 10,950                |
| Jones & Henry Engineers, Inc.         | 38,177              | 2,056             | 36,121                |
| Burgess & Niple, Inc.                 | 123,000             | 122,326           | 674                   |
| Inland Waters Pollution Control, Inc. | 500,000             | 271,984           | 228,016               |
| Mosser Construction, Inc.             | 2,186,275           | 190,221           | 1,996,054             |
| Bockrath & Associates                 | 59,650              | 28,244            | 31,406                |
| Stantec Consulting Services, Inc.     | 47,300              | 22,140            | 25,160                |
| Total contractual commitments         | <u>\$ 4,282,201</u> | <u>\$ 890,972</u> | <u>\$ 3,391,229</u>   |

**NOTE 21 - OTHER COMMITMENTS**

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

| <u>Fund</u>                 | Year End<br><u>Encumbrances</u> |
|-----------------------------|---------------------------------|
| General                     | \$ 86,154                       |
| Capital improvements        | 927,015                         |
| Nonmajor governmental funds | <u>428,728</u>                  |
| Total                       | <u>\$ 1,441,897</u>             |

**CITY OF DEFIANCE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 22 - FUND BALANCE**

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

| Fund Balance                              | General             | Police<br>and<br>Fire | Capital<br>Improvements | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-----------------------|-------------------------|-----------------------------------|--------------------------------|
| Nonspendable:                             |                     |                       |                         |                                   |                                |
| Materials and supplies inventory          | \$ -                | \$ -                  | \$ -                    | \$ 25,796                         | \$ 25,796                      |
| Unclaimed monies                          | <u>3,785</u>        | -                     | -                       | -                                 | <u>3,785</u>                   |
| Total nonspendable                        | <u>3,785</u>        | -                     | -                       | <u>25,796</u>                     | <u>29,581</u>                  |
| Restricted:                               |                     |                       |                         |                                   |                                |
| Debt service                              | -                   | -                     | -                       | 592,151                           | 592,151                        |
| Street construction, maintenance & repair | -                   | -                     | -                       | 490,865                           | 490,865                        |
| Police and fire pension                   | -                   | -                     | -                       | 171,319                           | 171,319                        |
| Court programs                            | -                   | -                     | -                       | 734,010                           | 734,010                        |
| Community development programs            | -                   | -                     | -                       | 61,637                            | 61,637                         |
| Probation programs                        | -                   | -                     | -                       | 232,647                           | 232,647                        |
| Police and fire programs                  | -                   | 157,029               | -                       | 132,941                           | 289,970                        |
| Revolving loan program                    | -                   | -                     | -                       | 1,210,489                         | 1,210,489                      |
| Museum trust                              | -                   | -                     | -                       | 386,049                           | 386,049                        |
| Other purposes                            | -                   | -                     | -                       | <u>339,563</u>                    | <u>339,563</u>                 |
| Total restricted                          | <u>-</u>            | <u>157,029</u>        | <u>-</u>                | <u>4,351,671</u>                  | <u>4,508,700</u>               |
| Committed:                                |                     |                       |                         |                                   |                                |
| Capital projects                          | -                   | -                     | 1,048,597               | -                                 | 1,048,597                      |
| Other purposes                            | -                   | -                     | -                       | <u>31,681</u>                     | <u>31,681</u>                  |
| Total committed                           | <u>-</u>            | <u>-</u>              | <u>1,048,597</u>        | <u>31,681</u>                     | <u>1,080,278</u>               |
| Assigned:                                 |                     |                       |                         |                                   |                                |
| Subsequent year appropriations            | 238,922             | -                     | -                       | -                                 | 238,922                        |
| Other purposes                            | <u>86,154</u>       | -                     | -                       | -                                 | <u>86,154</u>                  |
| Total assigned                            | <u>325,076</u>      | -                     | -                       | -                                 | <u>325,076</u>                 |
| Unassigned                                | <u>4,059,005</u>    | -                     | -                       | <u>(105,436)</u>                  | <u>3,953,569</u>               |
| Total fund balances                       | <u>\$ 4,387,866</u> | <u>\$ 157,029</u>     | <u>\$ 1,048,597</u>     | <u>\$ 4,303,712</u>               | <u>\$ 9,897,204</u>            |

**CITY OF DEFIANCE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 23 - TAX ABATEMENTS**

The City was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 12 years. A majority of the City's abatements are for 10 years or less and are 70-75% abated. The total assessed value of real property subject to exemption for 2017 was \$6,352,562. The total value of taxes abated for 2017 was \$19,058.



REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

|  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  | <u>2014</u>  |
|--|--------------|--------------|--------------|--------------|
| <i>Traditional Plan:</i>   |              |              |              |              |
| City's proportion of the net pension liability   | 0.033093%    | 0.032196%    | 0.032678%    | 0.032678%    |
| City's proportionate share of the net pension liability  | \$ 7,514,858 | \$ 5,576,753 | \$ 3,941,332 | \$ 3,852,309 |
| City's covered payroll   | \$ 4,316,075 | \$ 4,056,008 | \$ 3,871,183 | \$ 3,809,092 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 174.11%      | 137.49%      | 101.81%      | 101.13%      |
| Plan fiduciary net position as a percentage of the total pension liability                     | 77.25%       | 81.08%       | 86.45%       | 86.36%       |
| <i>Combined Plan:</i>  |              |              |              |              |
| City's proportion of the net pension asset   | 0.051442%    | 0.057060%    | 0.054957%    | 0.054957%    |
| City's proportionate share of the net pension asset  | \$ 28,631    | \$ 27,767    | \$ 21,160    | \$ 5,767     |
| City's covered payroll   | \$ 200,242   | \$ 193,458   | \$ 200,892   | \$ 173,162   |
| City's proportionate share of the net pension asset as a percentage of its covered payroll     | 14.30%       | 14.35%       | 10.53%       | 3.33%        |
| Plan fiduciary net position as a percentage of the total pension asset                         | 116.55%      | 116.90%      | 114.83%      | 104.56%      |
| <i>Member Directed Plan:</i>   |              |              |              |              |
| City's proportion of the net pension asset   | 0.092801%    | 0.088535%    | n/a          | n/a          |
| City's proportionate share of the net pension asset  | \$ 387       | \$ 338       | n/a          | n/a          |
| City's covered payroll   | \$ 381,383   | \$ 493,075   | n/a          | n/a          |
| City's proportionate share of the net pension asset as a percentage of its covered payroll     | 0.10%        | 0.07%        | n/a          | n/a          |
| Plan fiduciary net position as a percentage of the total pension asset                         | 103.40%      | 103.91%      | n/a          | n/a          |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

|  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  | <u>2014</u>  |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability   | 0.15463300%  | 0.15285400%  | 0.14738390%  | 0.14738390%  |
| City's proportionate share of the net pension liability  | \$ 9,794,294 | \$ 9,833,171 | \$ 7,635,101 | \$ 7,178,059 |
| City's covered payroll   | \$ 3,380,349 | \$ 3,147,448 | \$ 2,851,291 | \$ 2,710,020 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 289.74%      | 312.42%      | 267.78%      | 264.87%      |
| Plan fiduciary net position as a percentage of the total pension liability                     | 68.36%       | 66.77%       | 72.20%       | 73.00%       |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DEFIANCE, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

|  | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|------------------|------------------|
| <i>Traditional Plan:</i>   |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 604,608       | \$ 517,929       | \$ 486,721       | \$ 464,542       |
| Contributions in relation to the contractually required contribution | <u>(604,608)</u> | <u>(517,929)</u> | <u>(486,721)</u> | <u>(464,542)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 4,650,831     | \$ 4,316,075     | \$ 4,056,008     | \$ 3,871,183     |
| Contributions as a percentage of covered payroll                     | 13.00%           | 12.00%           | 12.00%           | 12.00%           |
| <i>Combined Plan:</i>  |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 17,301        | \$ 24,029        | \$ 23,215        | \$ 24,107        |
| Contributions in relation to the contractually required contribution | <u>(17,301)</u>  | <u>(24,029)</u>  | <u>(23,215)</u>  | <u>(24,107)</u>  |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 133,085       | \$ 200,242       | \$ 193,458       | \$ 200,892       |
| Contributions as a percentage of covered payroll                     | 13.00%           | 12.00%           | 12.00%           | 12.00%           |
| <i>Member Directed Plan:</i>   |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 49,810        | \$ 45,766        | \$ 59,169        |                  |
| Contributions in relation to the contractually required contribution | <u>(49,810)</u>  | <u>(45,766)</u>  | <u>(59,169)</u>  |                  |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |                  |
| City's covered payroll   | \$ 498,100       | \$ 381,383       | \$ 493,075       |                  |
| Contributions as a percentage of covered payroll                     | 10.00%           | 12.00%           | 12.00%           |                  |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 495,182       | \$ 379,087       | \$ 405,857       | \$ 360,086       | \$ 355,140       | \$ 310,697       |
| <u>(495,182)</u> | <u>(379,087)</u> | <u>(405,857)</u> | <u>(360,086)</u> | <u>(355,140)</u> | <u>(310,697)</u> |
| <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| \$ 3,809,092     | \$ 3,790,870     | \$ 4,058,570     | \$ 4,036,839     | \$ 4,368,266     | \$ 4,438,529     |
| 13.00%           | 10.00%           | 10.00%           | 8.92%            | 8.13%            | 7.00%            |
| \$ 22,511        | \$ 13,518        | \$ 13,546        | \$ 15,599        |                  |                  |
| <u>(22,511)</u>  | <u>(13,518)</u>  | <u>(13,546)</u>  | <u>(15,599)</u>  |                  |                  |
| <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |                  |                  |
| \$ 173,162       | \$ 170,038       | \$ 170,390       | \$ 160,980       |                  |                  |
| 13.00%           | 7.95%            | 7.95%            | 9.69%            |                  |                  |

**CITY OF DEFIANCE, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

|  | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|------------------|------------------|
| <i>Police:</i>   |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 357,329       | \$ 356,195       | \$ 326,523       | \$ 304,580       |
| Contributions in relation to the contractually required contribution | <u>(357,329)</u> | <u>(356,195)</u> | <u>(326,523)</u> | <u>(304,580)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 1,880,679     | \$ 1,874,711     | \$ 1,718,542     | \$ 1,603,053     |
| Contributions as a percentage of covered payroll                     | 19.00%           | 19.00%           | 19.00%           | 19.00%           |
| <br><i>Fire:</i>   |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 357,257       | \$ 353,825       | \$ 335,793       | \$ 293,336       |
| Contributions in relation to the contractually required contribution | <u>(357,257)</u> | <u>(353,825)</u> | <u>(335,793)</u> | <u>(293,336)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 1,520,243     | \$ 1,505,638     | \$ 1,428,906     | \$ 1,248,238     |
| Contributions as a percentage of covered payroll                     | 23.50%           | 23.50%           | 23.50%           | 23.50%           |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 253,276       | \$ 200,811       | \$ 210,059       | \$ 212,356       | \$ 194,179       | \$ 210,943       |
| <u>(253,276)</u> | <u>(200,811)</u> | <u>(210,059)</u> | <u>(212,356)</u> | <u>(194,179)</u> | <u>(210,943)</u> |
| <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| \$ 1,594,937     | \$ 1,574,988     | \$ 1,647,522     | \$ 1,665,537     | \$ 1,522,973     | \$ 1,654,455     |
| 15.88%           | 12.75%           | 12.75%           | 12.75%           | 12.75%           | 12.75%           |
| <br>             |                  |                  |                  |                  |                  |
| \$ 227,254       | \$ 200,587       | \$ 215,516       | \$ 221,543       | \$ 224,642       | \$ 236,046       |
| <u>(227,254)</u> | <u>(200,587)</u> | <u>(215,516)</u> | <u>(221,543)</u> | <u>(224,642)</u> | <u>(236,046)</u> |
| <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| \$ 1,115,083     | \$ 1,162,823     | \$ 1,249,368     | \$ 1,284,307     | \$ 1,302,272     | \$ 1,368,383     |
| 20.38%           | 17.25%           | 17.25%           | 17.25%           | 17.25%           | 17.25%           |

**CITY OF DEFIANCE, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

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

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2017.

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

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

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2017.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.



COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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## CITY OF DEFIANCE, OHIO

### FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

#### GENERAL FUND

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

#### SPECIAL REVENUE FUNDS

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

##### Major Special Revenue Fund

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

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

##### Nonmajor Special Revenue Funds

###### ***State Highway Improvements Fund***

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

###### ***Permissive Tax Fund***

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

###### ***Street Construction, Maintenance and Repair Fund***

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

###### ***Indigent Drivers Fund***

This fund accounts for revenues generated from fines imposed by the municipal court for DUI arrests to be used for DUI enforcement training for police officers and other traffic safety programs.

###### ***Municipal Probation Services Fund***

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

###### ***Probation Grant Fund***

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

###### ***Court Computerization Fund***

This fund accounts for monies received for specific court costs that are designated for funding the acquisition and maintenance of computerized equipment or software for courts.

###### ***Tree of Life Fund***

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

###### ***Special Project Fund***

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

###### ***OVI Special Project Fund***

This fund accounts for fines and court costs levied against those convicted of driving under the influence of alcohol or drugs and used exclusively for statutorily authorized purposes.

###### ***Cable TV - Franchise Fund***

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

**CITY OF DEFIANCE, OHIO**

**FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

***Housing Rehabilitation Grant Fund***

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

***Revolving Loan - Industrial Fund***

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

***Peace Officer Training Fund***

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

***Reservoir Enhancement Fund***

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

***Riverside Cemetery Enhancement Fund***

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

***Hotel/Motel Tax Fund***

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

***Museum Trust Fund***

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

***Cemetery Trust Fund***

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

***Police Pension Fund***

This fund accounts for property taxes levied and other monies received for the payment of the accrued liability for police disability and pension benefits.

***Fire Pension Fund***

This fund accounts for property taxes levied and other monies received for the payment of the accrued liability for fire disability and pension benefits.

***Tax Redirection Fund***

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

***Law Enforcement Trust Fund***

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

***East Side Firehouse Fund***

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

***Fire and Rescue Trust Fund***

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

***Fire Damage Repair Fund***

This fund accounts for monies received from property insurance providers on behalf of private property owners and held in escrow pending the demolition or reclamation of residential properties damaged by fire.

**CITY OF DEFIANCE, OHIO**

**FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

***Park and Recreation Trust Fund***

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

***Probation Incentive Grant***

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

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

***Unclaimed Monies Fund***

This fund accounts for uncashed checks issued by the City.

**DEBT SERVICE FUNDS**

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

**Nonmajor Debt Service Fund**

***Bond Retirement Fund***

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

**CAPITAL PROJECTS FUNDS**

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

**Major Capital Projects Fund**

***Capital Improvements Fund***

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

**Nonmajor Capital Projects Fund**

***Splash Pad Trust Fund***

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

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  |   |
| <b>Revenues:</b>                         |                  |                  |                  |   |
| Income taxes . . . . .                   | \$ 6,802,500     | \$ 6,802,500     | \$ 6,869,938     | \$ 67,438   |
| Property and other local taxes . . . . . | 581,800          | 581,800          | 568,167          | (13,633)  |
| Charges for services . . . . .           | 696,600          | 696,600          | 808,462          | 111,862   |
| Licenses, permits and fees . . . . .     | 100,200          | 100,200          | 117,897          | 17,697  |
| Fines and forfeitures . . . . .          | 454,700          | 454,700          | 472,556          | 17,856  |
| Intergovernmental . . . . .              | 419,900          | 419,900          | 380,677          | (39,223)  |
| Investment income . . . . .              | 80,000           | 80,000           | 97,376           | 17,376  |
| Donations. . . . .                       | -                | -                | 1,900            | 1,900   |
| Other . . . . .                          | 90,000           | 90,000           | 180,897          | 90,897  |
| Total revenues . . . . .                 | <u>9,225,700</u> | <u>9,225,700</u> | <u>9,497,870</u> | <u>272,170</u>  |
| <b>Expenditures:</b>                     |                  |                  |                  |   |
| Current:                                 |                  |                  |                  |   |
| General Government:                      |                  |                  |                  |   |
| City Council:                            |                  |                  |                  |   |
| Salaries and wages . . . . .             | 45,094           | 46,109           | 39,757           | 6,352   |
| Operating . . . . .                      | 42,197           | 42,694           | 39,583           | 3,111   |
| Total city council . . . . .             | <u>87,291</u>    | <u>88,803</u>    | <u>79,340</u>    | <u>9,463</u>  |
| Municipal Court:                         |                  |                  |                  |   |
| Salaries and wages . . . . .             | 780,624          | 789,820          | 732,262          | 57,558  |
| Operating . . . . .                      | 82,287           | 83,256           | 77,189           | 6,067   |
| Total municipal court . . . . .          | <u>862,911</u>   | <u>873,076</u>   | <u>809,451</u>   | <u>63,625</u>   |
| County Law Library:                      |                  |                  |                  |   |
| Operating . . . . .                      | 50,301           | 50,894           | 47,185           | 3,709   |
| Total county law library . . . . .       | <u>50,301</u>    | <u>50,894</u>    | <u>47,185</u>    | <u>3,709</u>  |
| Mayor:                                   |                  |                  |                  |   |
| Salaries and wages . . . . .             | 115,066          | 117,144          | 104,136          | 13,008  |
| Operating . . . . .                      | 11,955           | 12,095           | 11,214           | 881   |
| Total mayor. . . . .                     | <u>127,021</u>   | <u>129,239</u>   | <u>115,350</u>   | <u>13,889</u>   |
| City Administrator:                      |                  |                  |                  |   |
| Salaries and wages . . . . .             | 89,369           | 91,112           | 80,204           | 10,908  |
| Operating . . . . .                      | 40,844           | 41,326           | 38,314           | 3,012   |
| Total city administrator . . . . .       | <u>130,213</u>   | <u>132,438</u>   | <u>118,518</u>   | <u>13,920</u>   |
| Finance Department:                      |                  |                  |                  |   |
| Salaries and wages . . . . .             | 244,224          | 249,135          | 218,394          | 30,741  |
| Operating . . . . .                      | 79,256           | 80,190           | 74,346           | 5,844   |
| Total finance department. . . . .        | <u>323,480</u>   | <u>329,325</u>   | <u>292,740</u>   | <u>36,585</u>   |
| County and State Charges:                |                  |                  |                  |   |
| Operating . . . . .                      | 62,860           | 63,601           | 58,966           | 4,635   |
| Total county and state charges. . . . .  | <u>62,860</u>    | <u>63,601</u>    | <u>58,966</u>    | <u>4,635</u>  |
| Law Department:                          |                  |                  |                  |   |
| Salaries and wages . . . . .             | 283,789          | 288,661          | 258,165          | 30,496  |
| Operating . . . . .                      | 32,158           | 32,537           | 30,166           | 2,371   |
| Total law department. . . . .            | <u>315,947</u>   | <u>321,198</u>   | <u>288,331</u>   | <u>32,867</u>   |

- - Continued

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                  |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |   |
| Civil Service:  |                         |                  |                  |   |
| Salaries and wages . . . . .                              | \$ 8,856                | \$ 8,960         | \$ 8,307         | \$ 653  |
| Operating . . . . .                                       | 27,135                  | 27,455           | 25,454           | 2,001   |
| Total civil service . . . . .                             | <u>35,991</u>           | <u>36,415</u>    | <u>33,761</u>    | <u>2,654</u>  |
| Land and Buildings:                                       |                         |                  |                  |   |
| Salaries and wages . . . . .                              | 115,807                 | 117,171          | 108,632          | 8,539   |
| Operating . . . . .                                       | 448,529                 | 453,812          | 420,741          | 33,071  |
| Total land and buildings . . . . .                        | <u>564,336</u>          | <u>570,983</u>   | <u>529,373</u>   | <u>41,610</u>   |
| Insurance Pool:   |                         |                  |                  |   |
| Operating . . . . .                                       | 105,286                 | 108,655          | 87,564           | 21,091  |
| Total insurance pool . . . . .                            | <u>105,286</u>          | <u>108,655</u>   | <u>87,564</u>    | <u>21,091</u>   |
| Income Tax Collection and Distribution:                   |                         |                  |                  |   |
| Salaries and wages . . . . .                              | 88,664                  | 89,708           | 83,171           | 6,537   |
| Operating . . . . .                                       | 143,306                 | 144,994          | 134,428          | 10,566  |
| Total income tax<br>collection and distribution . . . . . | <u>231,970</u>          | <u>234,702</u>   | <u>217,599</u>   | <u>17,103</u>   |
| Total General Government . . . . .                        | <u>2,897,607</u>        | <u>2,939,329</u> | <u>2,678,178</u> | <u>261,151</u>  |
| Public Health and Welfare:                                |                         |                  |                  |   |
| Cemetery:   |                         |                  |                  |   |
| Salaries and wages . . . . .                              | 246,901                 | 249,811          | 231,605          | 18,206  |
| Operating . . . . .                                       | 55,667                  | 56,322           | 52,218           | 4,104   |
| Total cemetery . . . . .                                  | <u>302,568</u>          | <u>306,133</u>   | <u>283,823</u>   | <u>22,310</u>   |
| Total Public Health and Welfare . . . . .                 | <u>302,568</u>          | <u>306,133</u>   | <u>283,823</u>   | <u>22,310</u>   |
| Community Environment:                                    |                         |                  |                  |   |
| Building Inspection:                                      |                         |                  |                  |   |
| Salaries and wages . . . . .                              | 136,256                 | 137,862          | 127,815          | 10,047  |
| Operating . . . . .                                       | 20,661                  | 20,904           | 19,381           | 1,523   |
| Total building inspection . . . . .                       | <u>156,917</u>          | <u>158,766</u>   | <u>147,196</u>   | <u>11,570</u>   |
| Engineering:  |                         |                  |                  |   |
| Salaries and wages . . . . .                              | 482,691                 | 490,835          | 439,860          | 50,975  |
| Operating . . . . .                                       | 58,234                  | 58,920           | 54,626           | 4,294   |
| Total engineering. . . . .                                | <u>540,925</u>          | <u>549,755</u>   | <u>494,486</u>   | <u>55,269</u>   |
| Total Community Environment. . . . .                      | <u>697,842</u>          | <u>708,521</u>   | <u>641,682</u>   | <u>66,839</u>   |
| Leisure Time Activity:                                    |                         |                  |                  |   |
| Parks and Recreation:                                     |                         |                  |                  |   |
| Salaries and wages . . . . .                              | 366,269                 | 370,584          | 343,578          | 27,006  |
| Operating . . . . .                                       | 333,097                 | 337,021          | 312,461          | 24,560  |
| Total parks and recreation . . . . .                      | <u>699,366</u>          | <u>707,605</u>   | <u>656,039</u>   | <u>51,566</u>   |
| Total Leisure Time Activity . . . . .                     | <u>699,366</u>          | <u>707,605</u>   | <u>656,039</u>   | <u>51,566</u>   |

- - Continued

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                     |   |
| Economic Development:                            |                         |                     |                     |   |
| Development Department:                          |                         |                     |                     |   |
| Operating . . . . .                              | \$ 165,631              | \$ 167,885          | \$ 153,778          | \$ 14,107   |
| Total development department . . . .             | <u>165,631</u>          | <u>167,885</u>      | <u>153,778</u>      | <u>14,107</u>   |
| Total Economic Development . . . . .             | <u>165,631</u>          | <u>167,885</u>      | <u>153,778</u>      | <u>14,107</u>   |
| Total expenditures . . . . .                     | <u>4,763,014</u>        | <u>4,829,473</u>    | <u>4,413,500</u>    | <u>415,973</u>  |
| Excess of revenues over expenditures . .         | <u>4,462,686</u>        | <u>4,396,227</u>    | <u>5,084,370</u>    | <u>688,143</u>  |
| <b>Other financing sources (uses):</b>           |                         |                     |                     |   |
| Sale of capital assets. . . . .                  | 10,000                  | 10,000              | 17,846              | 7,846   |
| Transfers (out). . . . .                         | <u>(4,871,379)</u>      | <u>(4,928,766)</u>  | <u>(4,569,584)</u>  | <u>359,182</u>  |
| Total other financing sources (uses). . .        | <u>(4,861,379)</u>      | <u>(4,918,766)</u>  | <u>(4,551,738)</u>  | <u>367,028</u>  |
| Net change in fund balances. . . . .             | (398,693)               | (522,539)           | 532,632             | 1,055,171   |
| <b>Fund balances at beginning of year. . . .</b> | 2,925,308               | 2,925,308           | 2,925,308           | -   |
| <b>Prior year encumbrances appropriated . .</b>  | 116,643                 | 116,643             | 116,643             | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 2,643,258</u>     | <u>\$ 2,519,412</u> | <u>\$ 3,574,583</u> | <u>\$ 1,055,171</u>   |



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**POLICE AND FIRE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                    |                    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|--------------------|--------------------|---|
|  | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>      |   |
| <b>Revenues:</b>                                     |                         |                    |                    |   |
| Income taxes . . . . .                               | \$ 1,826,620            | \$ 1,708,000       | \$ 1,725,246       | \$ 17,246   |
| Total revenues . . . . .                             | <u>1,826,620</u>        | <u>1,708,000</u>   | <u>1,725,246</u>   | <u>17,246</u>   |
| <b>Expenditures:</b>                                 |                         |                    |                    |   |
| Current:   |                         |                    |                    |   |
| Security of Persons and Property:                    |                         |                    |                    |   |
| Police:  |                         |                    |                    |   |
| Salaries and wages . . . . .                         | 2,915,575               | 2,858,678          | 2,767,239          | 91,439  |
| Operating . . . . .                                  | <u>421,250</u>          | <u>413,029</u>     | <u>399,818</u>     | <u>13,211</u>   |
| Total police . . . . .                               | <u>3,336,825</u>        | <u>3,271,707</u>   | <u>3,167,057</u>   | <u>104,650</u>  |
| Fire:  |                         |                    |                    |   |
| Salaries and wages . . . . .                         | 2,195,658               | 2,152,810          | 2,083,949          | 68,861  |
| Operating . . . . .                                  | <u>348,712</u>          | <u>341,907</u>     | <u>330,970</u>     | <u>10,937</u>   |
| Total fire . . . . .                                 | <u>2,544,370</u>        | <u>2,494,717</u>   | <u>2,414,919</u>   | <u>79,798</u>   |
| Total expenditures . . . . .                         | <u>5,881,195</u>        | <u>5,766,424</u>   | <u>5,581,976</u>   | <u>184,448</u>  |
| Excess of expenditures over revenues . . . . .       | <u>(4,054,575)</u>      | <u>(4,058,424)</u> | <u>(3,856,730)</u> | <u>201,694</u>  |
| <b>Other financing sources:</b>                      |                         |                    |                    |   |
| Transfers in . . . . .                               | <u>3,906,380</u>        | <u>3,775,000</u>   | <u>3,689,584</u>   | <u>(85,416)</u>   |
| Total other financing sources . . . . .              | <u>3,906,380</u>        | <u>3,775,000</u>   | <u>3,689,584</u>   | <u>(85,416)</u>   |
| Net change in fund balances . . . . .                | (148,195)               | (283,424)          | (167,146)          | 116,278   |
| <b>Fund balances at beginning of year. . . . .</b>   | 260,981                 | 260,981            | 260,981            | -   |
| <b>Prior year encumbrances appropriated. . . . .</b> | <u>52,268</u>           | <u>52,268</u>      | <u>52,268</u>      | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>         | <u>\$ 165,054</u>       | <u>\$ 29,825</u>   | <u>\$ 146,103</u>  | <u>\$ 116,278</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CAPITAL IMPROVEMENTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                    |                    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>      |   |
| <b>Revenues:</b>                                      |                         |                    |                    |   |
| Income taxes . . . . .                                | \$ 1,715,615            | \$ 1,837,766       | \$ 1,725,246       | \$ (112,520)  |
| Intergovernmental . . . . .                           | 613,273                 | 656,938            | 616,716            | (40,222)  |
| Donations . . . . .                                   | 31,225                  | 33,448             | 31,400             | (2,048)   |
| Total revenues . . . . .                              | <u>2,360,113</u>        | <u>2,528,152</u>   | <u>2,373,362</u>   | <u>(154,790)</u>  |
| <b>Expenditures:</b>                                  |                         |                    |                    |   |
| Current:  |                         |                    |                    |   |
| Capital Outlay:                                       |                         |                    |                    |   |
| Operating . . . . .                                   | <u>3,153,292</u>        | <u>3,561,693</u>   | <u>3,108,373</u>   | <u>453,320</u>  |
| Total capital outlay . . . . .                        | <u>3,153,292</u>        | <u>3,561,693</u>   | <u>3,108,373</u>   | <u>453,320</u>  |
| Debt Service:   |                         |                    |                    |   |
| Principal retirement . . . . .                        | 228,252                 | 257,814            | 225,000            | 32,814  |
| Interest and fiscal charges . . . . .                 | 116,104                 | 131,141            | 114,450            | 16,691  |
| Total debt service . . . . .                          | <u>344,356</u>          | <u>388,955</u>     | <u>339,450</u>     | <u>49,505</u>   |
| Total expenditures . . . . .                          | <u>3,497,648</u>        | <u>3,950,648</u>   | <u>3,447,823</u>   | <u>502,825</u>  |
| Excess of expenditures over revenues . . . . .        | <u>(1,137,535)</u>      | <u>(1,422,496)</u> | <u>(1,074,461)</u> | <u>348,035</u>  |
| <b>Other financing sources:</b>                       |                         |                    |                    |   |
| Issuance of notes . . . . .                           | 150,562                 | 161,282            | 151,407            | (9,875)   |
| Transfers in . . . . .                                | 298,325                 | 319,566            | 300,000            | (19,566)  |
| Total other financing sources . . . . .               | <u>448,887</u>          | <u>480,848</u>     | <u>451,407</u>     | <u>(29,441)</u>   |
| Net change in fund balances . . . . .                 | (688,648)               | (941,648)          | (623,054)          | 318,594   |
| <b>Fund balances at beginning of year . . . . .</b>   | 548,853                 | 548,853            | 548,853            | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 501,471                 | 501,471            | 501,471            | -   |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 361,676</u>       | <u>\$ 108,676</u>  | <u>\$ 427,270</u>  | <u>\$ 318,594</u>   |

**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

|   | <b>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Nonmajor<br/>Debt Service<br/>Fund</b> | <b>Nonmajor<br/>Capital Projects<br/>Fund</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|---|---|---|---|--|
| <b>Assets:</b>  |   |   |   |  |
| Equity in pooled cash and cash equivalents . . .                                | \$ 2,505,317                                  | \$ 592,151                                | \$ 461,073                                    | \$ 3,558,541                                     |
| Cash in segregated accounts . . . . .   | 376,162                                       | -   | -   | 376,162  |
| Receivables (net of allowance for uncollectibles):                              |   |   |   |  |
| Income taxes . . . . .  | 4,150   | -   | -   | 4,150  |
| Property and other local taxes. . . . .   | 264,724                                       | -   | -   | 264,724  |
| Accounts . . . . .  | 76,755  | -   | -   | 76,755   |
| Loans receivable. . . . .   | 732,163                                       | -   | -   | 732,163  |
| Special assessments. . . . .  | -   | 132,422                                   | -   | 132,422  |
| Accrued interest. . . . .   | 3,104   | -   | -   | 3,104  |
| Due from other governments . . . . .  | 414,259                                       | -   | -   | 414,259  |
| Materials and supplies inventory . . . . .                                      | 25,796  | -   | -   | 25,796   |
| Total assets . . . . .  | <u>\$ 4,402,430</u>                           | <u>\$ 724,573</u>                         | <u>\$ 461,073</u>                             | <u>\$ 5,588,076</u>                              |
| <b>Liabilities:</b>   |   |   |   |  |
| Accounts payable. . . . .   | \$ 17,065                                     | \$ -                                      | \$ -  | \$ 17,065  |
| Contracts payable. . . . .  | -   | -   | 63,365  | 63,365   |
| Accrued wages and benefits payable. . . . .                                     | 11,833  | -   | -   | 11,833   |
| Due to other governments . . . . .  | 58,068  | -   | -   | 58,068   |
| Accrued interest payable . . . . .  | -   | -   | 3,144   | 3,144  |
| Notes payable. . . . .  | -   | -   | 500,000                                       | 500,000  |
| Total liabilities . . . . .   | <u>86,966</u>                                 | <u>-</u>                                  | <u>566,509</u>                                | <u>653,475</u>                                   |
| <b>Deferred inflows of resources:</b>   |   |   |   |  |
| Property taxes levied for the next year. . . . .                                | 164,800                                       | -   | -   | 164,800  |
| Accrued interest not available. . . . .   | 1,041   | -   | -   | 1,041  |
| Special assessments revenue not available. . . . .                              | -   | 132,422                                   | -   | 132,422  |
| Miscellaneous revenue not available . . . . .                                   | 48,407  | -   | -   | 48,407   |
| Income tax revenue not available . . . . .                                      | 1,236   | -   | -   | 1,236  |
| Intergovernmental revenue not available . . . . .                               | 282,983                                       | -   | -   | 282,983  |
| Total deferred inflows of resources. . . . .                                    | <u>498,467</u>                                | <u>132,422</u>                            | <u>-</u>                                      | <u>630,889</u>                                   |
| <b>Fund balances:</b>   |   |   |   |  |
| Nonspendable . . . . .  | 25,796  | -   | -   | 25,796   |
| Restricted . . . . .  | 3,759,520                                     | 592,151                                   | -   | 4,351,671  |
| Committed. . . . .  | 31,681  | -   | -   | 31,681   |
| Unassigned (deficit). . . . .   | -   | -   | (105,436)                                     | (105,436)  |
| Total fund balances (deficit) . . . . .   | <u>3,816,997</u>                              | <u>592,151</u>                            | <u>(105,436)</u>                              | <u>4,303,712</u>                                 |
| Total liabilities, deferred inflows<br>of resources and fund balances . . . . . | <u>\$ 4,402,430</u>                           | <u>\$ 724,573</u>                         | <u>\$ 461,073</u>                             | <u>\$ 5,588,076</u>                              |

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <b>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Nonmajor<br/>Debt Service<br/>Fund</b> | <b>Nonmajor<br/>Capital Projects<br/>Fund</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|---|---|--|
| <b>Revenues:</b>   |   |   |   |  |
| Income taxes . . . . .   | \$ 29,464                                     | \$ -                                      | \$ -  | \$ 29,464  |
| Property and other local taxes . . . . .                               | 540,131                                       | -   | -   | 540,131  |
| Licenses, permits and fees . . . . .                                   | 185,127                                       | -   | -   | 185,127  |
| Fines and forfeitures . . . . .  | 356,304                                       | -   | -   | 356,304  |
| Intergovernmental . . . . .  | 1,279,461                                     | -   | -   | 1,279,461  |
| Special assessments . . . . .  | -   | 138,504                                   | -   | 138,504  |
| Investment income . . . . .  | 34,014  | -   | -   | 34,014   |
| Donations. . . . .   | 30,768  | -   | 96,902  | 127,670  |
| Increase in fair market value of investments. . . . .                  | 40,865  | -   | -   | 40,865   |
| Other . . . . .  | 41,652  | -   | -   | 41,652   |
| <b>Total revenues. . . . .</b>   | <b>2,537,786</b>                              | <b>138,504</b>                            | <b>96,902</b>                                 | <b>2,773,192</b>                                 |
| <b>Expenditures:</b>   |   |   |   |  |
| Current:   |   |   |   |  |
| General government . . . . .   | 520,060                                       | 4,300                                     | -   | 524,360  |
| Security of persons and property. . . . .                              | 923,439                                       | -   | -   | 923,439  |
| Transportation . . . . .   | 1,065,310                                     | -   | -   | 1,065,310  |
| Economic development . . . . .   | 413,484                                       | -   | -   | 413,484  |
| Capital outlay. . . . .  | -   | -   | 382,012                                       | 382,012  |
| Debt service:  |   |   |   |  |
| Principal retirement. . . . .  | 150,000                                       | 116,559                                   | -   | 266,559  |
| Interest and fiscal charges . . . . .                                  | -   | -   | 3,144   | 3,144  |
| <b>Total expenditures . . . . .</b>                                    | <b>3,072,293</b>                              | <b>120,859</b>                            | <b>385,156</b>                                | <b>3,578,308</b>                                 |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | (534,507)                                     | 17,645                                    | (288,254)                                     | (805,116)  |
| <b>Other financing sources (uses):</b>                                 |   |   |   |  |
| Transfers in . . . . .   | 580,000                                       | 47,862                                    | -   | 627,862  |
| Transfers (out). . . . .   | (163,855)                                     | (44,070)                                  | -   | (207,925)  |
| Premium on note issuance. . . . .                                      | -   | -   | 4,691   | 4,691  |
| <b>Total other financing sources (uses). . . . .</b>                   | <b>416,145</b>                                | <b>3,792</b>                              | <b>4,691</b>                                  | <b>424,628</b>                                   |
| Net change in fund balances . . . . .                                  | (118,362)                                     | 21,437                                    | (283,563)                                     | (380,488)  |
| <b>Fund balances at beginning of year . . . . .</b>                    | <b>3,935,359</b>                              | <b>570,714</b>                            | <b>178,127</b>                                | <b>4,684,200</b>                                 |
| <b>Fund balances (deficit) at end of year . . . . .</b>                | <b>\$ 3,816,997</b>                           | <b>\$ 592,151</b>                         | <b>\$ (105,436)</b>                           | <b>\$ 4,303,712</b>                              |

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**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2017

|   | <b>State<br/>Highway<br/>Improvements</b> | <b>Permissive<br/>Tax</b> | <b>Street<br/>Construction,<br/>Maintenance<br/>and Repair</b> | <b>Indigent<br/>Drivers</b> |
|---|---|---------------------------|--|-----------------------------|
| <b>Assets:</b>  |   |                           |  |                             |
| Equity in pooled cash and cash equivalents . . .                                | \$ 150,463                                | \$ 63,736                 | \$ 174,550   | \$ 55,004                   |
| Cash in segregated accounts . . . . .   | -   | -                         | -  | -                           |
| Receivables (net of allowance for uncollectibles):                              |   |                           |  |                             |
| Income taxes . . . . .  | -   | -                         | 4,150  | -                           |
| Property and other local taxes. . . . .   | -   | -                         | -  | -                           |
| Accounts . . . . .  | -   | -                         | -  | 1,282                       |
| Loans receivable. . . . .   | -   | -                         | -  | -                           |
| Accrued interest. . . . .   | 582                                       | -                         | 676  | -                           |
| Due from other governments . . . . .  | 29,500                                    | -                         | 374,459  | -                           |
| Materials and supplies inventory . . . . .                                      | -   | -                         | 25,796   | -                           |
| Total assets. . . . .   | <u>\$ 180,545</u>                         | <u>\$ 63,736</u>          | <u>\$ 579,631</u>  | <u>\$ 56,286</u>            |
| <b>Liabilities:</b>   |   |                           |  |                             |
| Accounts payable . . . . .  | \$ -                                      | \$ -                      | \$ 13,280  | \$ 1,510                    |
| Accrued wages and benefits payable. . . . .                                     | -   | -                         | 11,833   | -                           |
| Due to other governments . . . . .  | -   | -                         | 7,797  | -                           |
| Total liabilities . . . . .   | <u>-</u>                                  | <u>-</u>                  | <u>32,910</u>  | <u>1,510</u>                |
| <b>Deferred inflows of resources:</b>   |   |                           |  |                             |
| Property taxes levied for the next year. . . . .                                | -   | -                         | -  | -                           |
| Accrued interest not available . . . . .  | 195                                       | -                         | 227  | -                           |
| Miscellaneous revenue not available. . . . .                                    | -   | -                         | -  | -                           |
| Income tax revenue not available . . . . .                                      | -   | -                         | 1,236  | -                           |
| Intergovernmental revenue not available . . . . .                               | 20,428                                    | -                         | 252,255  | -                           |
| Total deferred inflows of resources. . . . .                                    | <u>20,623</u>                             | <u>-</u>                  | <u>253,718</u>   | <u>-</u>                    |
| <b>Fund balances:</b>   |   |                           |  |                             |
| Nonspendable . . . . .  | -   | -                         | 25,796   | -                           |
| Restricted . . . . .  | 159,922                                   | 63,736                    | 267,207  | 54,776                      |
| Committed. . . . .  | -   | -                         | -  | -                           |
| Total fund balances . . . . .   | <u>159,922</u>                            | <u>63,736</u>             | <u>293,003</u>   | <u>54,776</u>               |
| Total liabilities, deferred inflows<br>of resources and fund balances . . . . . | <u>\$ 180,545</u>                         | <u>\$ 63,736</u>          | <u>\$ 579,631</u>  | <u>\$ 56,286</u>            |

| <b>Municipal<br/>Probation<br/>Services</b> | <b>Probation<br/>Grant</b> | <b>Court<br/>Computerization</b> | <b>Tree<br/>of Life</b> | <b>Special<br/>Project</b> | <b>OVI<br/>Special<br/>Project</b> |
|---|----------------------------|----------------------------------|-------------------------|----------------------------|------------------------------------|
| \$ 199,885                                  | \$ 3,810                   | \$ 299,558                       | \$ 3,968                | \$ 240,136                 | \$ 173,297                         |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| 4,800                                       | -                          | 6,934                            | -                       | 14,016                     | 1,316                              |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| <u>\$ 204,685</u>                           | <u>\$ 3,810</u>            | <u>\$ 306,492</u>                | <u>\$ 3,968</u>         | <u>\$ 254,152</u>          | <u>\$ 174,613</u>                  |
| \$ 86                                       | \$ 845                     | \$ 1,247                         | \$ -                    | \$ -                       | \$ -                               |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| <u>86</u>                                   | <u>845</u>                 | <u>1,247</u>                     | <u>-</u>                | <u>-</u>                   | <u>-</u>                           |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| 204,599                                     | 2,965                      | 305,245                          | -                       | 254,152                    | 174,613                            |
| -   | -                          | -                                | 3,968                   | -                          | -                                  |
| <u>204,599</u>                              | <u>2,965</u>               | <u>305,245</u>                   | <u>3,968</u>            | <u>254,152</u>             | <u>174,613</u>                     |
| <u>\$ 204,685</u>                           | <u>\$ 3,810</u>            | <u>\$ 306,492</u>                | <u>\$ 3,968</u>         | <u>\$ 254,152</u>          | <u>\$ 174,613</u>                  |

- - Continued

**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2017

|   | <u>Cable TV -<br/>Franchise</u> | <u>Housing<br/>Rehabilitation<br/>Grant</u> | <u>Revolving<br/>Loan -<br/>Industrial</u> | <u>Peace<br/>Officer<br/>Training</u> |
|---|---------------------------------|---|--|---------------------------------------|
| <b>Assets:</b>  |                                 |   |  |                                       |
| Equity in pooled cash and cash equivalents . . .                                | \$ -                            | \$ 61,637                                   | \$ 477,099                                 | \$ 7,581                              |
| Cash in segregated accounts . . . . .   | -                               | -   | -  | -                                     |
| Receivables (net of allowance for uncollectibles):                              |                                 |   |  |                                       |
| Income taxes . . . . .  | -                               | -   | -  | -                                     |
| Property and other local taxes. . . . .   | -                               | -   | -  | -                                     |
| Accounts . . . . .  | 48,407                          | -   | -  | -                                     |
| Loans receivable. . . . .   | -                               | -   | 732,163                                    | -                                     |
| Accrued interest. . . . .   | -                               | -   | 1,846                                      | -                                     |
| Due from other governments . . . . .  | -                               | -   | -  | -                                     |
| Materials and supplies inventory . . . . .                                      | -                               | -   | -  | -                                     |
| Total assets. . . . .   | <u>\$ 48,407</u>                | <u>\$ 61,637</u>                            | <u>\$ 1,211,108</u>                        | <u>\$ 7,581</u>                       |
| <b>Liabilities:</b>   |                                 |   |  |                                       |
| Accounts payable . . . . .  | \$ -                            | \$ -  | \$ -                                       | \$ -                                  |
| Accrued wages and benefits payable. . . . .                                     | -                               | -   | -  | -                                     |
| Due to other governments . . . . .  | -                               | -   | -  | -                                     |
| Total liabilities . . . . .   | <u>-</u>                        | <u>-</u>                                    | <u>-</u>                                   | <u>-</u>                              |
| <b>Deferred inflows of resources:</b>   |                                 |   |  |                                       |
| Property taxes levied for the next year. . . . .                                | -                               | -   | -  | -                                     |
| Accrued interest not available . . . . .  | -                               | -   | 619  | -                                     |
| Miscellaneous revenue not available. . . . .                                    | 48,407                          | -   | -  | -                                     |
| Income tax revenue not available . . . . .                                      | -                               | -   | -  | -                                     |
| Intergovernmental revenue not available . . . . .                               | -                               | -   | -  | -                                     |
| Total deferred inflows of resources. . . . .                                    | <u>48,407</u>                   | <u>-</u>                                    | <u>619</u>                                 | <u>-</u>                              |
| <b>Fund balances:</b>   |                                 |   |  |                                       |
| Nonspendable . . . . .  | -                               | -   | -  | -                                     |
| Restricted . . . . .  | -                               | 61,637                                      | 1,210,489                                  | 7,581                                 |
| Committed. . . . .  | -                               | -   | -  | -                                     |
| Total fund balances . . . . .   | <u>-</u>                        | <u>61,637</u>                               | <u>1,210,489</u>                           | <u>7,581</u>                          |
| Total liabilities, deferred inflows<br>of resources and fund balances . . . . . | <u>\$ 48,407</u>                | <u>\$ 61,637</u>                            | <u>\$ 1,211,108</u>                        | <u>\$ 7,581</u>                       |



| <b>Reservoir<br/>Enhancement</b> | <b>Riverside<br/>Cemetery<br/>Enhancement</b> | <b>Hotel/Motel<br/>Tax</b> | <b>Museum<br/>Trust</b> | <b>Cemetery<br/>Trust</b> | <b>Police<br/>Pension</b> |
|----------------------------------|---|----------------------------|-------------------------|---------------------------|---------------------------|
| \$ 21,748                        | \$ 2,858                                      | \$ 231,215                 | \$ 9,984                | \$ 1,061                  | \$ 100,396                |
| -                                | -   | -                          | 376,162                 | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | 99,924                     | -                       | -                         | 82,400                    |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | 5,150                     |
| -                                | -   | -                          | -                       | -                         | -                         |
| <u>\$ 21,748</u>                 | <u>\$ 2,858</u>                               | <u>\$ 331,139</u>          | <u>\$ 386,146</u>       | <u>\$ 1,061</u>           | <u>\$ 187,946</u>         |
| \$ -                             | \$ -  | \$ -                       | \$ 97                   | \$ -                      | \$ -                      |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | 50,271                     | -                       | -                         | -                         |
| -                                | -   | <u>50,271</u>              | <u>97</u>               | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | 82,400                    |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | 5,150                     |
| -                                | -   | -                          | -                       | -                         | <u>87,550</u>             |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | 2,858   | 280,868                    | 386,049                 | 1,061                     | 100,396                   |
| 21,748                           | -   | -                          | -                       | -                         | -                         |
| <u>21,748</u>                    | <u>2,858</u>                                  | <u>280,868</u>             | <u>386,049</u>          | <u>1,061</u>              | <u>100,396</u>            |
| <u>\$ 21,748</u>                 | <u>\$ 2,858</u>                               | <u>\$ 331,139</u>          | <u>\$ 386,146</u>       | <u>\$ 1,061</u>           | <u>\$ 187,946</u>         |

- - Continued

**CITY OF DEFIANCE, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2017

|   | <b>Fire<br/>Pension</b> | <b>Law<br/>Enforcement<br/>Trust</b> | <b>East Side<br/>Firehouse</b> | <b>Fire and<br/>Rescue<br/>Trust</b> |
|---|-------------------------|--------------------------------------|--------------------------------|--------------------------------------|
| <b>Assets:</b>  |                         |                                      |                                |                                      |
| Equity in pooled cash and cash equivalents . . .                                | \$ 70,923               | \$ 33,998                            | \$ 2,110                       | \$ 70,939                            |
| Cash in segregated accounts . . . . .   | -                       | -                                    | -                              | -                                    |
| Receivables (net of allowance for uncollectibles):                              |                         |                                      |                                |                                      |
| Income taxes . . . . .  | -                       | -                                    | -                              | -                                    |
| Property and other local taxes. . . . .   | 82,400                  | -                                    | -                              | -                                    |
| Accounts . . . . .  | -                       | -                                    | -                              | -                                    |
| Loans receivable. . . . .   | -                       | -                                    | -                              | -                                    |
| Accrued interest. . . . .   | -                       | -                                    | -                              | -                                    |
| Due from other governments . . . . .  | 5,150                   | -                                    | -                              | -                                    |
| Materials and supplies inventory . . . . .                                      | -                       | -                                    | -                              | -                                    |
| Total assets. . . . .   | <u>\$ 158,473</u>       | <u>\$ 33,998</u>                     | <u>\$ 2,110</u>                | <u>\$ 70,939</u>                     |
| <b>Liabilities:</b>   |                         |                                      |                                |                                      |
| Accounts payable . . . . .  | \$ -                    | \$ -                                 | \$ -                           | \$ -                                 |
| Accrued wages and benefits payable. . . . .                                     | -                       | -                                    | -                              | -                                    |
| Due to other governments . . . . .  | -                       | -                                    | -                              | -                                    |
| Total liabilities . . . . .   | <u>-</u>                | <u>-</u>                             | <u>-</u>                       | <u>-</u>                             |
| <b>Deferred inflows of resources:</b>   |                         |                                      |                                |                                      |
| Property taxes levied for the next year. . . . .                                | 82,400                  | -                                    | -                              | -                                    |
| Accrued interest not available . . . . .  | -                       | -                                    | -                              | -                                    |
| Miscellaneous revenue not available. . . . .                                    | -                       | -                                    | -                              | -                                    |
| Income tax revenue not available . . . . .                                      | -                       | -                                    | -                              | -                                    |
| Intergovernmental revenue not available . . . . .                               | 5,150                   | -                                    | -                              | -                                    |
| Total deferred inflows of resources. . . . .                                    | <u>87,550</u>           | <u>-</u>                             | <u>-</u>                       | <u>-</u>                             |
| <b>Fund balances:</b>   |                         |                                      |                                |                                      |
| Nonspendable . . . . .  | -                       | -                                    | -                              | -                                    |
| Restricted . . . . .  | 70,923                  | 33,998                               | -                              | 70,939                               |
| Committed. . . . .  | -                       | -                                    | 2,110                          | -                                    |
| Total fund balances . . . . .   | <u>70,923</u>           | <u>33,998</u>                        | <u>2,110</u>                   | <u>70,939</u>                        |
| Total liabilities, deferred inflows<br>of resources and fund balances . . . . . | <u>\$ 158,473</u>       | <u>\$ 33,998</u>                     | <u>\$ 2,110</u>                | <u>\$ 70,939</u>                     |

| <b>Fire Damage<br/>Repair</b> | <b>Park and<br/>Recreation Trust</b> | <b>Probation<br/>Incentive<br/>Grant</b> | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|-------------------------------|--------------------------------------|--|---|
| \$ 20,423                     | \$ 3,855                             | \$ 25,083                                | \$ 2,505,317  |
| -                             | -                                    | -  | 376,162   |
| -                             | -                                    | -  | 4,150   |
| -                             | -                                    | -  | 264,724   |
| -                             | -                                    | -  | 76,755  |
| -                             | -                                    | -  | 732,163   |
| -                             | -                                    | -  | 3,104   |
| -                             | -                                    | -  | 414,259   |
| -                             | -                                    | -  | 25,796  |
| <u>\$ 20,423</u>              | <u>\$ 3,855</u>                      | <u>\$ 25,083</u>                         | <u>\$ 4,402,430</u>                                     |
| \$ -                          | \$ -                                 | \$ -                                     | \$ 17,065   |
| -                             | -                                    | -  | 11,833  |
| -                             | -                                    | -  | 58,068  |
| <u>-</u>                      | <u>-</u>                             | <u>-</u>                                 | <u>86,966</u>   |
| -                             | -                                    | -  | 164,800   |
| -                             | -                                    | -  | 1,041   |
| -                             | -                                    | -  | 48,407  |
| -                             | -                                    | -  | 1,236   |
| -                             | -                                    | -  | 282,983   |
| <u>-</u>                      | <u>-</u>                             | <u>-</u>                                 | <u>498,467</u>  |
| -                             | -                                    | -  | 25,796  |
| 20,423                        | -                                    | 25,083                                   | 3,759,520   |
| -                             | 3,855                                | -  | 31,681  |
| <u>20,423</u>                 | <u>3,855</u>                         | <u>25,083</u>                            | <u>3,816,997</u>  |
| <u>\$ 20,423</u>              | <u>\$ 3,855</u>                      | <u>\$ 25,083</u>                         | <u>\$ 4,402,430</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, 2017

|  | <b>State<br/>Highway<br/>Improvements</b> | <b>Permissive<br/>Tax</b> | <b>Street<br/>Construction,<br/>Maintenance<br/>and Repair</b> | <b>Indigent<br/>Drivers</b> |
|--|---|---------------------------|--|-----------------------------|
| <b>Revenues:</b>   |   |                           |  |                             |
| Income taxes . . . . .   | \$ -                                      | \$ -                      | \$ 29,464  | \$ -                        |
| Property and other local taxes . . . . .                               | -   | -                         | -  | -                           |
| Licenses, permits and fees . . . . .                                   | -   | -                         | -  | -                           |
| Fines and forfeitures . . . . .  | -   | -                         | -  | 26,949                      |
| Intergovernmental . . . . .  | 60,338                                    | 166,792                   | 866,258  | -                           |
| Investment income . . . . .  | 2,252                                     | -                         | 1,988  | -                           |
| Donations . . . . .  | -   | -                         | -  | -                           |
| Increase in fair market value of investments . . . . .                 | -   | -                         | -  | -                           |
| Other . . . . .  | 5,300                                     | -                         | 13,051   | -                           |
| <b>Total revenues . . . . .</b>  | <b>67,890</b>                             | <b>166,792</b>            | <b>910,761</b>   | <b>26,949</b>               |
| <b>Expenditures:</b>   |   |                           |  |                             |
| Current:   |   |                           |  |                             |
| General government . . . . .   | -   | -                         | -  | -                           |
| Security of persons and property . . . . .                             | -   | -                         | -  | 3,197                       |
| Transportation . . . . .   | 91,680                                    | 841                       | 972,789  | -                           |
| Economic development . . . . .   | -   | -                         | -  | -                           |
| Debt service:  |   |                           |  |                             |
| Principal retirement . . . . .   | -   | -                         | -  | -                           |
| <b>Total expenditures . . . . .</b>                                    | <b>91,680</b>                             | <b>841</b>                | <b>972,789</b>   | <b>3,197</b>                |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | (23,790)                                  | 165,951                   | (62,028)   | 23,752                      |
| <b>Other financing sources:</b>  |   |                           |  |                             |
| Transfers in . . . . .   | -   | -                         | -  | -                           |
| Transfers (out) . . . . .  | -   | (131,482)                 | -  | -                           |
| <b>Total other financing sources . . . . .</b>                         | <b>-</b>                                  | <b>(131,482)</b>          | <b>-</b>   | <b>-</b>                    |
| Net change in fund balances . . . . .                                  | (23,790)                                  | 34,469                    | (62,028)   | 23,752                      |
| <b>Fund balances at beginning of year . . . . .</b>                    | <b>183,712</b>                            | <b>29,267</b>             | <b>355,031</b>   | <b>31,024</b>               |
| <b>Fund balances at end of year . . . . .</b>                          | <b>\$ 159,922</b>                         | <b>\$ 63,736</b>          | <b>\$ 293,003</b>  | <b>\$ 54,776</b>            |

| <b>Municipal<br/>Probation<br/>Services</b> | <b>Probation<br/>Grant</b> | <b>Court<br/>Computerization</b> | <b>Tree<br/>of Life</b> | <b>Special<br/>Project</b> | <b>OVI<br/>Special<br/>Project</b> |
|---|----------------------------|----------------------------------|-------------------------|----------------------------|------------------------------------|
| \$ -  | \$ -                       | \$ -                             | \$ -                    | \$ -                       | \$ -                               |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| 25,107                                      | -                          | 96,294                           | -                       | 192,037                    | 8,771                              |
| -   | 46,231                     | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| 9,641                                       | 194                        | -                                | 2,400                   | -                          | 9,016                              |
| <u>34,748</u>                               | <u>46,425</u>              | <u>96,294</u>                    | <u>2,400</u>            | <u>192,037</u>             | <u>17,787</u>                      |
| -   | -                          | 30,255                           | -                       | 9,775                      | -                                  |
| 52,783                                      | 66,529                     | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | 150,000                    | -                                  |
| <u>52,783</u>                               | <u>66,529</u>              | <u>30,255</u>                    | <u>-</u>                | <u>159,775</u>             | <u>-</u>                           |
| <u>(18,035)</u>                             | <u>(20,104)</u>            | <u>66,039</u>                    | <u>2,400</u>            | <u>32,262</u>              | <u>17,787</u>                      |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| -   | -                          | -                                | -                       | -                          | -                                  |
| (18,035)                                    | (20,104)                   | 66,039                           | 2,400                   | 32,262                     | 17,787                             |
| 222,634                                     | 23,069                     | 239,206                          | 1,568                   | 221,890                    | 156,826                            |
| <u>\$ 204,599</u>                           | <u>\$ 2,965</u>            | <u>\$ 305,245</u>                | <u>\$ 3,968</u>         | <u>\$ 254,152</u>          | <u>\$ 174,613</u>                  |

- - Continued

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <b>Cable TV -<br/>Franchise</b> | <b>Housing<br/>Rehabilitation<br/>Grant</b> | <b>Revolving<br/>Loan -<br/>Industrial</b> | <b>Peace<br/>Officer<br/>Training</b> |
|--|---------------------------------|---|--|---------------------------------------|
| <b>Revenues:</b>   |                                 |   |  |                                       |
| Income taxes . . . . .   | \$ -                            | \$ -  | \$ -                                       | \$ -                                  |
| Property and other local taxes . . . . .                               | -                               | -   | -  | -                                     |
| Licenses, permits and fees . . . . .                                   | 185,127                         | -   | -  | -                                     |
| Fines and forfeitures . . . . .  | -                               | -   | -  | -                                     |
| Intergovernmental . . . . .  | -                               | 20,449                                      | -  | -                                     |
| Investment income . . . . .  | -                               | -   | 29,498                                     | -                                     |
| Donations . . . . .  | -                               | -   | -  | -                                     |
| Increase in fair market value of investments . . . . .                 | -                               | -   | -  | -                                     |
| Other . . . . .  | -                               | -   | 192  | -                                     |
| <b>Total revenues . . . . .</b>  | <b>185,127</b>                  | <b>20,449</b>                               | <b>29,690</b>                              | <b>-</b>                              |
| <b>Expenditures:</b>   |                                 |   |  |                                       |
| Current:   |                                 |   |  |                                       |
| General government . . . . .   | 185,127                         | -   | -  | -                                     |
| Security of persons and property . . . . .                             | -                               | -   | -  | 5,419                                 |
| Transportation . . . . .   | -                               | -   | -  | -                                     |
| Economic development . . . . .   | -                               | 32  | 413,452                                    | -                                     |
| Debt service:  | -                               | -   | -  | -                                     |
| Principal retirement . . . . .   | -                               | -   | -  | -                                     |
| <b>Total expenditures . . . . .</b>                                    | <b>185,127</b>                  | <b>32</b>                                   | <b>413,452</b>                             | <b>5,419</b>                          |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | -                               | 20,417                                      | (383,762)                                  | (5,419)                               |
| <b>Other financing sources:</b>  |                                 |   |  |                                       |
| Transfers in . . . . .   | -                               | -   | -  | -                                     |
| Transfers (out) . . . . .  | -                               | -   | -  | -                                     |
| <b>Total other financing sources . . . . .</b>                         | <b>-</b>                        | <b>-</b>                                    | <b>-</b>                                   | <b>-</b>                              |
| Net change in fund balances . . . . .                                  | -                               | 20,417                                      | (383,762)                                  | (5,419)                               |
| <b>Fund balances at beginning of year . . . . .</b>                    | <b>-</b>                        | <b>41,220</b>                               | <b>1,594,251</b>                           | <b>13,000</b>                         |
| <b>Fund balances at end of year . . . . .</b>                          | <b>\$ -</b>                     | <b>\$ 61,637</b>                            | <b>\$ 1,210,489</b>                        | <b>\$ 7,581</b>                       |

| <b>Reservoir<br/>Enhancement</b> | <b>Riverside<br/>Cemetery<br/>Enhancement</b> | <b>Hotel/Motel<br/>Tax</b> | <b>Museum<br/>Trust</b> | <b>Cemetery<br/>Trust</b> | <b>Police<br/>Pension</b> |
|----------------------------------|---|----------------------------|-------------------------|---------------------------|---------------------------|
| \$ -                             | \$ -  | \$ -                       | \$ -                    | \$ -                      | \$ -                      |
| -                                | -   | 374,343                    | -                       | -                         | 82,894                    |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | 10,341                    |
| 250                              | 26  | -                          | -                       | -                         | -                         |
| 105                              | 732   | -                          | 17,570                  | -                         | -                         |
| -                                | -   | -                          | 40,865                  | -                         | -                         |
| -                                | -   | 441                        | -                       | -                         | -                         |
| <u>355</u>                       | <u>758</u>                                    | <u>374,784</u>             | <u>58,435</u>           | <u>-</u>                  | <u>93,235</u>             |
| -                                | -   | 286,540                    | 8,363                   | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | 366,497                   |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | -                         |
| <u>-</u>                         | <u>-</u>                                      | <u>286,540</u>             | <u>8,363</u>            | <u>-</u>                  | <u>366,497</u>            |
| <u>355</u>                       | <u>758</u>                                    | <u>88,244</u>              | <u>50,072</u>           | <u>-</u>                  | <u>(273,262)</u>          |
| -                                | -   | -                          | -                       | -                         | 290,000                   |
| -                                | -   | -                          | -                       | -                         | -                         |
| -                                | -   | -                          | -                       | -                         | 290,000                   |
| 355                              | 758   | 88,244                     | 50,072                  | -                         | 16,738                    |
| 21,393                           | 2,100   | 192,624                    | 335,977                 | 1,061                     | 83,658                    |
| <u>\$ 21,748</u>                 | <u>\$ 2,858</u>                               | <u>\$ 280,868</u>          | <u>\$ 386,049</u>       | <u>\$ 1,061</u>           | <u>\$ 100,396</u>         |

- - Continued

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <b>Fire<br/>Pension</b> | <b>Tax<br/>Redirection</b> | <b>Law<br/>Enforcement<br/>Trust</b> | <b>East Side<br/>Firehouse</b> |
|--|-------------------------|----------------------------|--------------------------------------|--------------------------------|
| <b>Revenues:</b>   |                         |                            |                                      |                                |
| Income taxes . . . . .   | \$ -                    | \$ -                       | \$ -                                 | \$ -                           |
| Property and other local taxes . . . . .                               | 82,894                  | -                          | -                                    | -                              |
| Licenses, permits and fees . . . . .                                   | -                       | -                          | -                                    | -                              |
| Fines and forfeitures . . . . .  | -                       | -                          | 7,146                                | -                              |
| Intergovernmental . . . . .  | 10,341                  | -                          | -                                    | -                              |
| Investment income . . . . .  | -                       | -                          | -                                    | -                              |
| Donations . . . . .  | -                       | -                          | 6,831                                | -                              |
| Increase in fair market value of investments . . . . .                 | -                       | -                          | -                                    | -                              |
| Other . . . . .  | -                       | -                          | 1,417                                | -                              |
| <b>Total revenues . . . . .</b>  | <b>93,235</b>           | <b>-</b>                   | <b>15,394</b>                        | <b>-</b>                       |
| <b>Expenditures:</b>   |                         |                            |                                      |                                |
| Current:   |                         |                            |                                      |                                |
| General government . . . . .   | -                       | -                          | -                                    | -                              |
| Security of persons and property . . . . .                             | 363,979                 | -                          | 44,454                               | -                              |
| Transportation . . . . .   | -                       | -                          | -                                    | -                              |
| Economic development . . . . .   | -                       | -                          | -                                    | -                              |
| Debt service:  |                         |                            |                                      |                                |
| Principal retirement . . . . .   | -                       | -                          | -                                    | -                              |
| <b>Total expenditures . . . . .</b>                                    | <b>363,979</b>          | <b>-</b>                   | <b>44,454</b>                        | <b>-</b>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | (270,744)               | -                          | (29,060)                             | -                              |
| <b>Other financing sources:</b>  |                         |                            |                                      |                                |
| Transfers in . . . . .   | 290,000                 | -                          | -                                    | -                              |
| Transfers (out) . . . . .  | -                       | (32,373)                   | -                                    | -                              |
| <b>Total other financing sources . . . . .</b>                         | <b>290,000</b>          | <b>(32,373)</b>            | <b>-</b>                             | <b>-</b>                       |
| Net change in fund balances . . . . .                                  | 19,256                  | (32,373)                   | (29,060)                             | -                              |
| <b>Fund balances at beginning of year . . . . .</b>                    | <b>51,667</b>           | <b>32,373</b>              | <b>63,058</b>                        | <b>2,110</b>                   |
| <b>Fund balances at end of year . . . . .</b>                          | <b>\$ 70,923</b>        | <b>\$ -</b>                | <b>\$ 33,998</b>                     | <b>\$ 2,110</b>                |



| <b>Fire and<br/>Rescue<br/>Trust</b> | <b>Fire Damage<br/>Repair</b> | <b>Park and<br/>Recreation Trust</b> | <b>Probation<br/>Incentive<br/>Grant</b> | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|--------------------------------------|-------------------------------|--------------------------------------|--|---|
| \$ -                                 | \$ -                          | \$ -                                 | \$ -                                     | \$ 29,464   |
| -                                    | -                             | -                                    | -  | 540,131   |
| -                                    | -                             | -                                    | -  | 185,127   |
| -                                    | -                             | -                                    | -  | 356,304   |
| 70,574                               | -                             | -                                    | 28,137                                   | 1,279,461   |
| -                                    | -                             | -                                    | -  | 34,014  |
| 5,530                                | -                             | -                                    | -  | 30,768  |
| -                                    | -                             | -                                    | -  | 40,865  |
| -                                    | -                             | -                                    | -  | 41,652  |
| <u>76,104</u>                        | <u>-</u>                      | <u>-</u>                             | <u>28,137</u>                            | <u>2,537,786</u>  |
| -                                    | -                             | -                                    | -  | 520,060   |
| 7,877                                | 9,650                         | -                                    | 3,054                                    | 923,439   |
| -                                    | -                             | -                                    | -  | 1,065,310   |
| -                                    | -                             | -                                    | -  | 413,484   |
| -                                    | -                             | -                                    | -  | 150,000   |
| <u>7,877</u>                         | <u>9,650</u>                  | <u>-</u>                             | <u>3,054</u>                             | <u>3,072,293</u>  |
| <u>68,227</u>                        | <u>(9,650)</u>                | <u>-</u>                             | <u>25,083</u>                            | <u>(534,507)</u>  |
| -                                    | -                             | -                                    | -  | 580,000   |
| -                                    | -                             | -                                    | -  | (163,855)   |
| -                                    | -                             | -                                    | -  | 416,145   |
| 68,227                               | (9,650)                       | -                                    | 25,083                                   | (118,362)   |
| 2,712                                | 30,073                        | 3,855                                | -  | 3,935,359   |
| <u>\$ 70,939</u>                     | <u>\$ 20,423</u>              | <u>\$ 3,855</u>                      | <u>\$ 25,083</u>                         | <u>\$ 3,816,997</u>                                     |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STATE HIGHWAY IMPROVEMENTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                   |   |
| <b>Revenues:</b>                                 |                         |                  |                   |   |
| Intergovernmental . . . . .                      | \$ 72,500               | \$ 72,500        | \$ 60,489         | \$ (12,011)   |
| Investment income . . . . .                      | 2,200                   | 2,200            | 2,221             | 21  |
| Other . . . . .                                  | -                       | -                | 5,300             | 5,300   |
| Total revenues . . . . .                         | <u>74,700</u>           | <u>74,700</u>    | <u>68,010</u>     | <u>(6,690)</u>  |
| <b>Expenditures:</b>                             |                         |                  |                   |   |
| Current:   |                         |                  |                   |   |
| Transportation:                                  |                         |                  |                   |   |
| Capital Improvements:                            |                         |                  |                   |   |
| Operating . . . . .                              | <u>155,000</u>          | <u>155,000</u>   | <u>124,311</u>    | <u>30,689</u>   |
| Total expenditures . . . . .                     | <u>155,000</u>          | <u>155,000</u>   | <u>124,311</u>    | <u>30,689</u>   |
| Net change in fund balances. . . . .             | (80,300)                | (80,300)         | (56,301)          | 23,999  |
| <b>Fund balances at beginning of year. . . .</b> | 173,763                 | 173,763          | 173,763           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 93,463</u>        | <u>\$ 93,463</u> | <u>\$ 117,462</u> | <u>\$ 23,999</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PERMISSIVE TAX FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                      |                         |                  |                  |   |
| Intergovernmental . . . . .                           | \$ 135,000              | \$ 135,000       | \$ 166,792       | \$ 31,792   |
| Total revenues. . . . .                               | <u>135,000</u>          | <u>135,000</u>   | <u>166,792</u>   | <u>31,792</u>   |
| <b>Expenditures:</b>                                  |                         |                  |                  |   |
| Current:  |                         |                  |                  |   |
| Transportation:                                       |                         |                  |                  |   |
| Capital Improvements:                                 |                         |                  |                  |   |
| Operating . . . . .                                   | 2,926                   | 2,930            | 2,886            | 44  |
| Total capital improvements . . . . .                  | <u>2,926</u>            | <u>2,930</u>     | <u>2,886</u>     | <u>44</u>   |
| Debt Service:   |                         |                  |                  |   |
| Principal retirement . . . . .                        | 506,908                 | 507,737          | 500,000          | 7,737   |
| Interest and fiscal charges . . . . .                 | 10,138                  | 10,155           | 10,000           | 155   |
| Total debt service. . . . .                           | <u>517,046</u>          | <u>517,892</u>   | <u>510,000</u>   | <u>7,892</u>  |
| Total expenditures . . . . .                          | <u>519,972</u>          | <u>520,822</u>   | <u>512,886</u>   | <u>7,936</u>  |
| Excess of expenditures over revenues . . . . .        | <u>(384,972)</u>        | <u>(385,822)</u> | <u>(346,094)</u> | <u>39,728</u>   |
| <b>Other financing source:</b>                        |                         |                  |                  |   |
| Note issuance . . . . .                               | 375,000                 | 375,000          | 375,000          | -   |
| Premium on sale of notes. . . . .                     | -                       | -                | 3,518            | 3,518   |
| Total other financing sources . . . . .               | <u>375,000</u>          | <u>375,000</u>   | <u>378,518</u>   | <u>3,518</u>  |
| Net change in fund balances. . . . .                  | (9,972)                 | (10,822)         | 32,424           | 43,246  |
| <b>Fund balances at beginning of year. . . . .</b>    | 21,340                  | 21,340           | 21,340           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 9,972                   | 9,972            | 9,972            | -   |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 21,340</u>        | <u>\$ 20,490</u> | <u>\$ 63,736</u> | <u>\$ 43,246</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>                                 |                         |                   |                   |   |
| Income taxes . . . . .                           | \$ 28,986               | \$ 29,000         | \$ 28,978         | \$ (22)   |
| Intergovernmental . . . . .                      | 1,018,531               | 1,019,000         | 868,546           | (150,454)   |
| Investment income . . . . .                      | 4,998                   | 5,000             | 2,081             | (2,919)   |
| Other . . . . .                                  | 2,499                   | 2,500             | 12,927            | 10,427  |
| Total revenues. . . . .                          | <u>1,055,014</u>        | <u>1,055,500</u>  | <u>912,532</u>    | <u>(142,968)</u>  |
| <b>Expenditures:</b>                             |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| Transportation:                                  |                         |                   |                   |   |
| Highway and Streets:                             |                         |                   |                   |   |
| Salaries and wages . . . . .                     | 716,890                 | 717,218           | 681,480           | 35,738  |
| Operating . . . . .                              | 342,886                 | 343,044           | 326,508           | 16,536  |
| Total expenditures. . . . .                      | <u>1,059,776</u>        | <u>1,060,262</u>  | <u>1,007,988</u>  | <u>52,274</u>   |
| Net change in fund balances. . . . .             | (4,762)                 | (4,762)           | (95,456)          | (90,694)  |
| <b>Fund balances at beginning of year. . . .</b> | 174,203                 | 174,203           | 174,203           | -   |
| <b>Prior year encumbrances appropriated .</b>    | 30,982                  | 30,982            | 30,982            | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 200,423</u>       | <u>\$ 200,423</u> | <u>\$ 109,729</u> | <u>\$ (90,694)</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**INDIGENT DRIVERS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                 |                         |                  |                  |   |
| Fines and forfeitures . . . . .                  | \$ 15,000               | \$ 15,000        | \$ 26,417        | \$ 11,417   |
| Total revenues . . . . .                         | <u>15,000</u>           | <u>15,000</u>    | <u>26,417</u>    | <u>11,417</u>   |
| <b>Expenditures:</b>                             |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Security of Persons and Property:                |                         |                  |                  |   |
| Municipal Court:                                 |                         |                  |                  |   |
| Operating . . . . .                              | 22,418                  | 22,418           | 6,919            | 15,499  |
| Total expenditures . . . . .                     | <u>22,418</u>           | <u>22,418</u>    | <u>6,919</u>     | <u>15,499</u>   |
| Net change in fund balances. . . . .             | (7,418)                 | (7,418)          | 19,498           | 26,916  |
| <b>Fund balances at beginning of year. . . .</b> | 29,343                  | 29,343           | 29,343           | -   |
| <b>Prior year encumbrances appropriated . .</b>  | 2,418                   | 2,418            | 2,418            | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 24,343</u>        | <u>\$ 24,343</u> | <u>\$ 51,259</u> | <u>\$ 26,916</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**MUNICIPAL PROBATION SERVICES FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>                                 |                         |                   |                   |   |
| Fines and forfeitures . . . . .                  | \$ 20,000               | \$ 20,000         | \$ 24,298         | \$ 4,298  |
| Other . . . . .                                  | -                       | -                 | 7,231             | 7,231   |
| Total revenues. . . . .                          | <u>20,000</u>           | <u>20,000</u>     | <u>31,529</u>     | <u>11,529</u>   |
| <b>Expenditures:</b>                             |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| Security of Persons and Property:                |                         |                   |                   |   |
| Municipal Probation Service:                     |                         |                   |                   |   |
| Salaries and wages . . . . .                     | 37,512                  | 46,150            | 42,910            | 3,240   |
| Operating . . . . .                              | 21,133                  | 26,000            | 9,787             | 16,213  |
| Total expenditures . . . . .                     | <u>58,645</u>           | <u>72,150</u>     | <u>52,697</u>     | <u>19,453</u>   |
| Net change in fund balances. . . . .             | (38,645)                | (52,150)          | (21,168)          | 30,982  |
| <b>Fund balances at beginning of year. . . .</b> | 221,053                 | 221,053           | 221,053           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 182,408</u>       | <u>\$ 168,903</u> | <u>\$ 199,885</u> | <u>\$ 30,982</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PROBATION GRANT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues:</b>                                 |                         |                 |                 |   |
| Intergovernmental . . . . .                      | \$ 30,820               | \$ 61,752       | \$ 61,641       | \$ (111)  |
| Other . . . . .                                  | -                       | -               | 194             | 194   |
| <b>Total revenues . . . . .</b>                  | <u>30,820</u>           | <u>61,752</u>   | <u>61,835</u>   | <u>83</u>   |
| <b>Expenditures:</b>                             |                         |                 |                 |   |
| Current:   |                         |                 |                 |   |
| Security of Persons and Property:                |                         |                 |                 |   |
| Municipal Probation Service:                     |                         |                 |                 |   |
| Salaries and wages . . . . .                     | 27,770                  | 54,095          | 54,095          | -   |
| Operating . . . . .                              | 6,229                   | 12,134          | 12,130          | 4   |
| <b>Total expenditures . . . . .</b>              | <u>33,999</u>           | <u>66,229</u>   | <u>66,225</u>   | <u>4</u>  |
| Net change in fund balances. . . . .             | (3,179)                 | (4,477)         | (4,390)         | 87  |
| <b>Fund balances at beginning of year. . . .</b> | 5,022                   | 5,022           | 5,022           | -   |
| <b>Prior year encumbrances appropriated .</b>    | 3,178                   | 3,178           | 3,178           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 5,021</u>         | <u>\$ 3,723</u> | <u>\$ 3,810</u> | <u>\$ 87</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**COURT COMPUTERIZATION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>                                 |                         |                   |                   |   |
| Fines and forfeitures . . . . .                  | \$ 80,000               | \$ 80,000         | \$ 95,096         | \$ 15,096   |
| Total revenues . . . . .                         | <u>80,000</u>           | <u>80,000</u>     | <u>95,096</u>     | <u>15,096</u>   |
| <b>Expenditures:</b>                             |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| General Government:                              |                         |                   |                   |   |
| Municipal Court:                                 |                         |                   |                   |   |
| Operating . . . . .                              | 63,800                  | 63,800            | 36,123            | 27,677  |
| Total expenditures . . . . .                     | <u>63,800</u>           | <u>63,800</u>     | <u>36,123</u>     | <u>27,677</u>   |
| Net change in fund balances. . . . .             | 16,200                  | 16,200            | 58,973            | 42,773  |
| <b>Fund balances at beginning of year. . . .</b> | 229,791                 | 229,791           | 229,791           | -   |
| <b>Prior year encumbrances appropriated .</b>    | 3,800                   | 3,800             | 3,800             | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 249,791</u>       | <u>\$ 249,791</u> | <u>\$ 292,564</u> | <u>\$ 42,773</u>  |



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**TREE OF LIFE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |               | <u>Actual</u>   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>  |                 |   |
| <b>Revenues:</b>                                 |                         |               |                 |   |
| Other . . . . .                                  | \$ -                    | \$ -          | \$ 2,400        | \$ 2,400  |
| Total revenues. . . . .                          | <u>-</u>                | <u>-</u>      | <u>2,400</u>    | <u>2,400</u>  |
| <b>Expenditures:</b>                             |                         |               |                 |   |
| Current:   |                         |               |                 |   |
| Leisure time activity:                           |                         |               |                 |   |
| Parks and Recreation:                            |                         |               |                 |   |
| Operating . . . . .                              | 1,450                   | 1,450         | -               | 1,450   |
| Total expenditures . . . . .                     | <u>1,450</u>            | <u>1,450</u>  | <u>-</u>        | <u>1,450</u>  |
| Net change in fund balance. . . . .              | (1,450)                 | (1,450)       | 2,400           | 3,850   |
| <b>Fund balances at beginning of year. . . .</b> | 1,568                   | 1,568         | 1,568           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 118</u>           | <u>\$ 118</u> | <u>\$ 3,968</u> | <u>\$ 3,850</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SPECIAL PROJECT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | Budgeted Amounts         |                          | Actual                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
|  | Original                 | Final                    |                          |   |
| <b>Revenues:</b>                                 |                          |                          |                          |   |
| Fines and forfeitures . . . . .                  | \$ 165,000               | \$ 165,000               | \$ 189,281               | \$ 24,281   |
| Total revenues . . . . .                         | <u>165,000</u>           | <u>165,000</u>           | <u>189,281</u>           | <u>24,281</u>   |
| <b>Expenditures:</b>                             |                          |                          |                          |   |
| Current:   |                          |                          |                          |   |
| General Government:                              |                          |                          |                          |   |
| Municipal Court:                                 |                          |                          |                          |   |
| Operating . . . . .                              | 10,695                   | 10,695                   | 9,775                    | 920   |
| Total municipal court . . . . .                  | <u>10,695</u>            | <u>10,695</u>            | <u>9,775</u>             | <u>920</u>  |
| Debt Service:                                    |                          |                          |                          |   |
| Principal retirement . . . . .                   | 164,125                  | 164,125                  | 150,000                  | 14,125  |
| Total debt service . . . . .                     | <u>164,125</u>           | <u>164,125</u>           | <u>150,000</u>           | <u>14,125</u>   |
| Total expenditures . . . . .                     | <u>174,820</u>           | <u>174,820</u>           | <u>159,775</u>           | <u>15,045</u>   |
| Net change in fund balances. . . . .             | (9,820)                  | (9,820)                  | 29,506                   | 39,326  |
| <b>Fund balances at beginning of year. . . .</b> | 200,810                  | 200,810                  | 200,810                  | -   |
| <b>Prior year encumbrances appropriated .</b>    | 9,820                    | 9,820                    | 9,820                    | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u><u>\$ 200,810</u></u> | <u><u>\$ 200,810</u></u> | <u><u>\$ 240,136</u></u> | <u><u>\$ 39,326</u></u>                                 |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**OVI SPECIAL PROJECT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>                                 |                         |                   |                   |   |
| Fines and forfeitures . . . . .                  | \$ 10,000               | \$ 10,000         | \$ 8,765          | \$ (1,235)  |
| Other . . . . .                                  | 10,000                  | 10,000            | 8,663             | (1,337)   |
| Total revenues . . . . .                         | <u>20,000</u>           | <u>20,000</u>     | <u>17,428</u>     | <u>(2,572)</u>  |
| <b>Expenditures:</b>                             |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| Security of Persons and Property:                |                         |                   |                   |   |
| Municipal Court:                                 |                         |                   |                   |   |
| Operating . . . . .                              | <u>5,000</u>            | <u>5,000</u>      | <u>-</u>          | <u>5,000</u>  |
| Total expenditures . . . . .                     | <u>5,000</u>            | <u>5,000</u>      | <u>-</u>          | <u>5,000</u>  |
| Net change in fund balances. . . . .             | 15,000                  | 15,000            | 17,428            | 2,428   |
| <b>Fund balances at beginning of year. . . .</b> | 155,869                 | 155,869           | 155,869           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 170,869</u>       | <u>\$ 170,869</u> | <u>\$ 173,297</u> | <u>\$ 2,428</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CABLE TV - FRANCHISE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                | <u>Actual</u>  | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|----------------|----------------|---|
|  | <u>Original</u>         | <u>Final</u>   |                |   |
| <b>Revenues:</b>                                 |                         |                |                |   |
| Licenses, permits and fees . . . . .             | \$ 190,000              | \$ 190,000     | \$ 185,127     | \$ (4,873)  |
| Total revenues . . . . .                         | <u>190,000</u>          | <u>190,000</u> | <u>185,127</u> | <u>(4,873)</u>  |
| <b>Expenditures:</b>                             |                         |                |                |   |
| Current:   |                         |                |                |   |
| General Government:                              |                         |                |                |   |
| Cable TV:  |                         |                |                |   |
| Operating . . . . .                              | 190,000                 | 190,000        | 185,127        | 4,873   |
| Total expenditures . . . . .                     | <u>190,000</u>          | <u>190,000</u> | <u>185,127</u> | <u>4,873</u>  |
| Net change in fund balances. . . . .             | -                       | -              | -              | -   |
| <b>Fund balances at beginning of year. . . .</b> | -                       | -              | -              | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HOUSING REHABILITATION GRANT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                 |                         |                  |                  |   |
| Intergovernmental . . . . .                      | \$ 38,000               | \$ 38,000        | \$ 20,449        | \$ (17,551)   |
| Total revenues . . . . .                         | <u>38,000</u>           | <u>38,000</u>    | <u>20,449</u>    | <u>(17,551)</u>   |
| <b>Expenditures:</b>                             |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Economic Development:                            |                         |                  |                  |   |
| Housing Rehabilitation:                          |                         |                  |                  |   |
| Operating . . . . .                              | 38,000                  | 38,000           | 32               | 37,968  |
| Total expenditures . . . . .                     | <u>38,000</u>           | <u>38,000</u>    | <u>32</u>        | <u>37,968</u>   |
| Net change in fund balances. . . . .             | -                       | -                | 20,417           | 20,417  |
| <b>Fund balances at beginning of year. . . .</b> | 41,220                  | 41,220           | 41,220           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 41,220</u>        | <u>\$ 41,220</u> | <u>\$ 61,637</u> | <u>\$ 20,417</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**REVOLVING LOAN - INDUSTRIAL FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>                                  |                         |                   |                   |   |
| Investment income . . . . .                       | \$ 5,000                | \$ 5,000          | \$ 8,950          | \$ 3,950  |
| Other . . . . .                                   | -                       | -                 | 192               | 192   |
| Total revenues . . . . .                          | <u>5,000</u>            | <u>5,000</u>      | <u>9,142</u>      | <u>4,142</u>  |
| <b>Expenditures:</b>                              |                         |                   |                   |   |
| Current:  |                         |                   |                   |   |
| Economic Development:                             |                         |                   |                   |   |
| Capital Improvement:                              |                         |                   |                   |   |
| Operating . . . . .                               | <u>668,029</u>          | <u>668,029</u>    | <u>492,819</u>    | <u>175,210</u>  |
| Total expenditures . . . . .                      | <u>668,029</u>          | <u>668,029</u>    | <u>492,819</u>    | <u>175,210</u>  |
| Excess of expenditures over revenues . . .        | <u>(663,029)</u>        | <u>(663,029)</u>  | <u>(483,677)</u>  | <u>179,352</u>  |
| <b>Other financing sources:</b>                   |                         |                   |                   |   |
| Other financing sources . . . . .                 | <u>153,570</u>          | <u>153,570</u>    | <u>174,415</u>    | <u>20,845</u>   |
| Total other financing sources . . . . .           | <u>153,570</u>          | <u>153,570</u>    | <u>174,415</u>    | <u>20,845</u>   |
| Net change in fund balances . . . . .             | (509,459)               | (509,459)         | (309,262)         | 200,197   |
| <b>Fund balances at beginning of year . . . .</b> | 749,134                 | 749,134           | 749,134           | -   |
| <b>Prior year encumbrances appropriated . .</b>   | 18,029                  | 18,029            | 18,029            | -   |
| <b>Fund balance at end of year . . . . .</b>      | <u>\$ 257,704</u>       | <u>\$ 257,704</u> | <u>\$ 457,901</u> | <u>\$ 200,197</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PEACE OFFICER TRAINING FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues:</b>                                 |                         |                 |                 |   |
| Intergovernmental . . . . .                      | \$ 2,800                | \$ 2,800        | \$ 7,480        | \$ 4,680  |
| Total revenues . . . . .                         | <u>2,800</u>            | <u>2,800</u>    | <u>7,480</u>    | <u>4,680</u>  |
| <b>Expenditures:</b>                             |                         |                 |                 |   |
| Security of Persons and Property:                |                         |                 |                 |   |
| Operating . . . . .                              | 5,500                   | 5,500           | 5,419           | 81  |
| Total expenditures . . . . .                     | <u>5,500</u>            | <u>5,500</u>    | <u>5,419</u>    | <u>81</u>   |
| Net change in fund balances. . . . .             | (2,700)                 | (2,700)         | 2,061           | 4,761   |
| <b>Fund balances at beginning of year. . . .</b> | 5,520                   | 5,520           | 5,520           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 2,820</u>         | <u>\$ 2,820</u> | <u>\$ 7,581</u> | <u>\$ 4,761</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**RESERVOIR ENHANCEMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-----------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>    |                  |   |
| <b>Revenues:</b>                                  |                         |                 |                  |   |
| Investment income . . . . .                       | \$ 250                  | \$ 250          | \$ 250           | \$ -  |
| Donations . . . . .                               | -                       | -               | 105              | 105   |
| Total revenues . . . . .                          | <u>250</u>              | <u>250</u>      | <u>355</u>       | <u>105</u>  |
| <b>Expenditures:</b>                              |                         |                 |                  |   |
| Current:  |                         |                 |                  |   |
| General Government:                               |                         |                 |                  |   |
| Reservoir Enhancement:                            |                         |                 |                  |   |
| Operating . . . . .                               | <u>20,000</u>           | <u>20,000</u>   | <u>1,285</u>     | <u>18,715</u>   |
| Total expenditures . . . . .                      | <u>20,000</u>           | <u>20,000</u>   | <u>1,285</u>     | <u>18,715</u>   |
| Net change in fund balances . . . . .             | (19,750)                | (19,750)        | (930)            | 18,820  |
| <b>Fund balances at beginning of year . . . .</b> | 21,393                  | 21,393          | 21,393           | -   |
| <b>Fund balance at end of year . . . . .</b>      | <u>\$ 1,643</u>         | <u>\$ 1,643</u> | <u>\$ 20,463</u> | <u>\$ 18,820</u>  |



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**RIVERSIDE CEMETERY ENHANCEMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |               | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------|-----------------|---|
|   | <u>Original</u>         | <u>Final</u>  |                 |   |
| <b>Revenues:</b>                                  |                         |               |                 |   |
| Investment income . . . . .                       | \$ -                    | \$ -          | \$ 26           | \$ 26   |
| Donations . . . . .                               | -                       | -             | 732             | 732   |
| Total revenues . . . . .                          | <u>-</u>                | <u>-</u>      | <u>758</u>      | <u>758</u>  |
| <b>Expenditures:</b>                              |                         |               |                 |   |
| Current:  |                         |               |                 |   |
| General Government:                               |                         |               |                 |   |
| Cemetery Enhancements:                            |                         |               |                 |   |
| Operating . . . . .                               | <u>2,000</u>            | <u>2,000</u>  | <u>-</u>        | <u>2,000</u>  |
| Total expenditures . . . . .                      | <u>2,000</u>            | <u>2,000</u>  | <u>-</u>        | <u>2,000</u>  |
| Net change in fund balances . . . . .             | (2,000)                 | (2,000)       | 758             | 2,758   |
| <b>Fund balances at beginning of year . . . .</b> | <u>2,100</u>            | <u>2,100</u>  | <u>2,100</u>    | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>      | <u>\$ 100</u>           | <u>\$ 100</u> | <u>\$ 2,858</u> | <u>\$ 2,758</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HOTEL/MOTEL TAX FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>                                 |                         |                   |                   |   |
| Property and other local taxes . . . . .         | \$ 320,000              | \$ 320,000        | \$ 365,327        | \$ 45,327   |
| Other . . . . .                                  | -                       | -                 | 441               | 441   |
| Total revenues . . . . .                         | <u>320,000</u>          | <u>320,000</u>    | <u>365,768</u>    | <u>45,768</u>   |
| <b>Expenditures:</b>                             |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| General Government:                              |                         |                   |                   |   |
| General Operating:                               |                         |                   |                   |   |
| Salaries and wages . . . . .                     | 28,620                  | 31,769            | 31,523            | 246   |
| Operating. . . . .                               | <u>67,920</u>           | <u>75,391</u>     | <u>74,808</u>     | <u>583</u>  |
| Total general operating . . . . .                | <u>96,540</u>           | <u>107,160</u>    | <u>106,331</u>    | <u>829</u>  |
| Capital Improvements:                            |                         |                   |                   |   |
| Operating . . . . .                              | <u>165,845</u>          | <u>184,089</u>    | <u>182,664</u>    | <u>1,425</u>  |
| Total capital improvements . . . . .             | <u>165,845</u>          | <u>184,089</u>    | <u>182,664</u>    | <u>1,425</u>  |
| Total expenditures . . . . .                     | <u>262,385</u>          | <u>291,249</u>    | <u>288,995</u>    | <u>2,254</u>  |
| Net change in fund balances. . . . .             | 57,615                  | 28,751            | 76,773            | 48,022  |
| <b>Fund balances at beginning of year. . . .</b> | 153,642                 | 153,642           | 153,642           | -   |
| <b>Prior year encumbrances appropriated .</b>    | 800                     | 800               | 800               | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 212,057</u>       | <u>\$ 183,193</u> | <u>\$ 231,215</u> | <u>\$ 48,022</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**MUSEUM TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues:</b>                                 |                         |                 |                 |   |
| Donations. . . . .                               | \$ 8,000                | \$ 8,000        | \$ 6,664        | \$ (1,336)  |
| Total revenues . . . . .                         | <u>8,000</u>            | <u>8,000</u>    | <u>6,664</u>    | <u>(1,336)</u>  |
| <b>Expenditures:</b>                             |                         |                 |                 |   |
| Current:   |                         |                 |                 |   |
| General Government:                              |                         |                 |                 |   |
| Trust Fund:                                      |                         |                 |                 |   |
| Operating. . . . .                               | 11,500                  | 11,500          | 8,279           | 3,221   |
| Total expenditures . . . . .                     | <u>11,500</u>           | <u>11,500</u>   | <u>8,279</u>    | <u>3,221</u>  |
| Net change in fund balances. . . . .             | (3,500)                 | (3,500)         | (1,615)         | 1,885   |
| <b>Fund balances at beginning of year. . . .</b> | 11,599                  | 11,599          | 11,599          | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 8,099</u>         | <u>\$ 8,099</u> | <u>\$ 9,984</u> | <u>\$ 1,885</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CEMETERY TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

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

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**POLICE PENSION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                   |   |
| <b>Revenues:</b>                                 |                         |                  |                   |   |
| Property and other local taxes . . . . .         | \$ 85,350               | \$ 85,350        | \$ 82,894         | \$ (2,456)  |
| Intergovernmental . . . . .                      | 11,000                  | 11,000           | 10,341            | (659)   |
| Total revenues . . . . .                         | <u>96,350</u>           | <u>96,350</u>    | <u>93,235</u>     | <u>(3,115)</u>  |
| <b>Expenditures:</b>                             |                         |                  |                   |   |
| Current:   |                         |                  |                   |   |
| Security of Persons and Property:                |                         |                  |                   |   |
| Police Pension:                                  |                         |                  |                   |   |
| Salaries and wages . . . . .                     | 390,000                 | 390,000          | 365,260           | 24,740  |
| Operating . . . . .                              | 2,500                   | 2,500            | 1,237             | 1,263   |
| Total expenditures . . . . .                     | <u>392,500</u>          | <u>392,500</u>   | <u>366,497</u>    | <u>26,003</u>   |
| Excess of expenditures over revenues . . .       | <u>(296,150)</u>        | <u>(296,150)</u> | <u>(273,262)</u>  | <u>22,888</u>   |
| <b>Other financing sources:</b>                  |                         |                  |                   |   |
| Transfers in . . . . .                           | 290,000                 | 290,000          | 290,000           | -   |
| Total other financing sources . . . . .          | <u>290,000</u>          | <u>290,000</u>   | <u>290,000</u>    | <u>-</u>  |
| Net change in fund balances. . . . .             | (6,150)                 | (6,150)          | 16,738            | 22,888  |
| <b>Fund balances at beginning of year. . . .</b> | <u>83,658</u>           | <u>83,658</u>    | <u>83,658</u>     | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 77,508</u>        | <u>\$ 77,508</u> | <u>\$ 100,396</u> | <u>\$ 22,888</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE PENSION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                 |                         |                  |                  |   |
| Property and other local taxes . . . . .         | \$ 85,350               | \$ 85,350        | \$ 82,894        | \$ (2,456)  |
| Intergovernmental . . . . .                      | 11,000                  | 11,000           | 10,341           | (659)   |
| Total revenues . . . . .                         | <u>96,350</u>           | <u>96,350</u>    | <u>93,235</u>    | <u>(3,115)</u>  |
| <b>Expenditures:</b>                             |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Security of Persons and Property:                |                         |                  |                  |   |
| Fire Pension:                                    |                         |                  |                  |   |
| Salaries and wages . . . . .                     | 390,000                 | 390,000          | 362,742          | 27,258  |
| Operating . . . . .                              | 2,500                   | 2,500            | 1,237            | 1,263   |
| Total expenditures . . . . .                     | <u>392,500</u>          | <u>392,500</u>   | <u>363,979</u>   | <u>28,521</u>   |
| Excess of expenditures over revenues . . .       | <u>(296,150)</u>        | <u>(296,150)</u> | <u>(270,744)</u> | <u>25,406</u>   |
| <b>Other financing sources:</b>                  |                         |                  |                  |   |
| Transfers in . . . . .                           | 290,000                 | 290,000          | 290,000          | -   |
| Total other financing sources . . . . .          | <u>290,000</u>          | <u>290,000</u>   | <u>290,000</u>   | <u>-</u>  |
| Net change in fund balances. . . . .             | (6,150)                 | (6,150)          | 19,256           | 25,406  |
| <b>Fund balances at beginning of year. . . .</b> | <u>51,667</u>           | <u>51,667</u>    | <u>51,667</u>    | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 45,517</u>        | <u>\$ 45,517</u> | <u>\$ 70,923</u> | <u>\$ 25,406</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**TAX REDIRECTION FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Other financing uses:</b>                     |                         |                 |                 |   |
| Transfers out . . . . .                          | \$ -                    | \$ (32,373)     | \$ (32,373)     | \$ -  |
| Total other financing uses. . . . .              | <u>-</u>                | <u>(32,373)</u> | <u>(32,373)</u> | <u>-</u>  |
| Net change in fund balance . . . . .             | -                       | (32,373)        | (32,373)        | -   |
| <b>Fund balances at beginning of year. . . .</b> | 32,373                  | 32,373          | 32,373          | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 32,373</u>        | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**LAW ENFORCEMENT TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                  |                         |                  |                  |   |
| Fines and forfeitures . . . . .                   | \$ 1,500                | \$ 1,500         | \$ 7,146         | \$ 5,646  |
| Donations . . . . .                               | 500                     | 500              | 6,831            | 6,331   |
| Other . . . . .                                   | -                       | -                | 1,418            | 1,418   |
| Total revenues . . . . .                          | <u>2,000</u>            | <u>2,000</u>     | <u>15,395</u>    | <u>13,395</u>   |
| <b>Expenditures:</b>                              |                         |                  |                  |   |
| Current:  |                         |                  |                  |   |
| Security of Persons and Property:                 |                         |                  |                  |   |
| Police:   |                         |                  |                  |   |
| Operating . . . . .                               | <u>53,500</u>           | <u>53,500</u>    | <u>44,755</u>    | <u>8,745</u>  |
| Total expenditures . . . . .                      | <u>53,500</u>           | <u>53,500</u>    | <u>44,755</u>    | <u>8,745</u>  |
| Net change in fund balances . . . . .             | (51,500)                | (51,500)         | (29,360)         | 22,140  |
| <b>Fund balances at beginning of year . . . .</b> | 63,058                  | 63,058           | 63,058           | -   |
| <b>Fund balance at end of year . . . . .</b>      | <u>\$ 11,558</u>        | <u>\$ 11,558</u> | <u>\$ 33,698</u> | <u>\$ 22,140</u>  |



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**EAST SIDE FIREHOUSE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                    | <u>Actual</u>          | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|--------------------|------------------------|---|
|  | <u>Original</u>         | <u>Final</u>       |                        |   |
| <b>Expenditures:</b>                             |                         |                    |                        |   |
| Current:   |                         |                    |                        |   |
| Security of Persons and Property:                |                         |                    |                        |   |
| Fire:  |                         |                    |                        |   |
| Operating . . . . .                              | \$ 2,110                | \$ 2,110           | \$ -                   | \$ 2,110  |
| Total expenditures . . . . .                     | <u>2,110</u>            | <u>2,110</u>       | <u>-</u>               | <u>2,110</u>  |
| Net change in fund balance. . . . .              | (2,110)                 | (2,110)            | -                      | 2,110   |
| <b>Fund balances at beginning of year. . . .</b> | <u>2,110</u>            | <u>2,110</u>       | <u>2,110</u>           | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>     | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u> | <u><u>\$ 2,110</u></u> | <u><u>\$ 2,110</u></u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE AND RESCUE TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                 |                         |                  |                  |   |
| Intergovernmental . . . . .                      | \$ 40,000               | \$ 40,000        | \$ 39,914        | \$ (86)   |
| Donations. . . . .                               | -                       | -                | 36,190           | 36,190  |
| Total revenues . . . . .                         | <u>40,000</u>           | <u>40,000</u>    | <u>76,104</u>    | <u>36,104</u>   |
| <b>Expenditures:</b>                             |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Security of Persons and Property:                |                         |                  |                  |   |
| Fire:  |                         |                  |                  |   |
| Operating . . . . .                              | -                       | 8,232            | 7,877            | 355   |
| Total expenditures . . . . .                     | <u>-</u>                | <u>8,232</u>     | <u>7,877</u>     | <u>355</u>  |
| Net change in fund balances. . . . .             | 40,000                  | 31,768           | 68,227           | 36,459  |
| <b>Fund balances at beginning of year. . . .</b> | <u>2,712</u>            | <u>2,712</u>     | <u>2,712</u>     | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 42,712</u>        | <u>\$ 34,480</u> | <u>\$ 70,939</u> | <u>\$ 36,459</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE DAMAGE REPAIR FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-----------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                  |   |
| <b>Revenues:</b>                                 |                         |                 |                  |   |
| Other . . . . .                                  | \$ -                    | \$ 18,800       | \$ 18,800        | \$ -  |
| Total revenues . . . . .                         | <u>-</u>                | <u>18,800</u>   | <u>18,800</u>    | <u>-</u>  |
| <b>Expenditures:</b>                             |                         |                 |                  |   |
| Current:   |                         |                 |                  |   |
| Security of Persons and Property:                |                         |                 |                  |   |
| Fire:  |                         |                 |                  |   |
| Operating . . . . .                              | 10,000                  | 28,800          | 19,650           | 9,150   |
| Total expenditures . . . . .                     | <u>10,000</u>           | <u>28,800</u>   | <u>19,650</u>    | <u>9,150</u>  |
| Net change in fund balances. . . . .             | (10,000)                | (10,000)        | (850)            | 9,150   |
| <b>Fund balances at beginning of year. . . .</b> | 1,273                   | 1,273           | 1,273            | -   |
| <b>Prior year encumbrances appropriated .</b>    | 10,000                  | 10,000          | 10,000           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 1,273</u>         | <u>\$ 1,273</u> | <u>\$ 10,423</u> | <u>\$ 9,150</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PARK AND RECREATION TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                     |   |
| <b>Expenditures:</b>                             |                         |                     |                     |   |
| Current:   |                         |                     |                     |   |
| Capital Outlay:                                  |                         |                     |                     |   |
| Parks and Recreation:                            |                         |                     |                     |   |
| Operating . . . . .                              | \$ 3,800                | \$ 3,800            | \$ 3,800            | \$ -  |
| Total expenditures . . . . .                     | <u>3,800</u>            | <u>3,800</u>        | <u>3,800</u>        | <u>-</u>  |
| Net change in fund balances. . . . .             | (3,800)                 | (3,800)             | (3,800)             | -   |
| <b>Fund balances at beginning of year. . . .</b> | <u>3,855</u>            | <u>3,855</u>        | <u>3,855</u>        | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>     | <u><u>\$ 55</u></u>     | <u><u>\$ 55</u></u> | <u><u>\$ 55</u></u> | <u><u>\$ -</u></u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PROBATION INCENTIVE GRANT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |              | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|--------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u> |                  |   |
| <b>Revenues:</b>                                 |                         |              |                  |   |
| Intergovernmental . . . . .                      | \$ -                    | \$ 3,100     | \$ 28,137        | \$ 25,037   |
| Total revenues . . . . .                         | <u>-</u>                | <u>3,100</u> | <u>28,137</u>    | <u>25,037</u>   |
| <b>Expenditures:</b>                             |                         |              |                  |   |
| Current:   |                         |              |                  |   |
| Security of Persons and Property:                |                         |              |                  |   |
| Municipal Probation Service:                     |                         |              |                  |   |
| Salaries and wages . . . . .                     | -                       | 3,100        | 3,054            | 46  |
| Total expenditures . . . . .                     | <u>-</u>                | <u>3,100</u> | <u>3,054</u>     | <u>46</u>   |
| Net change in fund balances. . . . .             | -                       | -            | 25,083           | 25,083  |
| <b>Fund balances at beginning of year. . . .</b> | -                       | -            | -                | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ 25,083</u> | <u>\$ 25,083</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**UNCLAIMED MONIES FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |              | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|--------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u> |                 |   |
| <b>Revenues:</b>                                 |                         |              |                 |   |
| Other . . . . .                                  | \$ -                    | \$ -         | \$ 194          | \$ 194  |
| Total revenues . . . . .                         | <u>-</u>                | <u>-</u>     | <u>194</u>      | <u>194</u>  |
| <b>Expenditures:</b>                             |                         |              |                 |   |
| Current:   |                         |              |                 |   |
| Finance Department:                              |                         |              |                 |   |
| Operating . . . . .                              | 3,600                   | 3,600        | 86              | 3,514   |
| Total expenditures . . . . .                     | <u>3,600</u>            | <u>3,600</u> | <u>86</u>       | <u>3,514</u>  |
| Net change in fund balances. . . . .             | (3,600)                 | (3,600)      | 108             | 3,708   |
| <b>Fund balances at beginning of year. . . .</b> | 3,677                   | 3,677        | 3,677           | -   |
| <b>Fund balance at end of year . . . . .</b>     | <u>\$ 77</u>            | <u>\$ 77</u> | <u>\$ 3,785</u> | <u>\$ 3,708</u>   |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**BOND RETIREMENT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>  |                         |                   |                   |   |
| Special assessments . . . . .   | \$ 121,070              | \$ 121,070        | \$ 138,504        | \$ 17,434   |
| Total revenues. . . . .   | <u>121,070</u>          | <u>121,070</u>    | <u>138,504</u>    | <u>17,434</u>   |
| <b>Expenditures:</b>  |                         |                   |                   |   |
| Current:  |                         |                   |                   |   |
| General Government:   |                         |                   |                   |   |
| County and State Charges:   |                         |                   |                   |   |
| Operating . . . . .   | 3,381                   | 4,301             | 4,300             | 1   |
| Total county and state charges. . . . .                               | <u>3,381</u>            | <u>4,301</u>      | <u>4,300</u>      | <u>1</u>  |
| Debt Service:   |                         |                   |                   |   |
| Principal retirement . . . . .  | 114,120                 | 145,142           | 145,140           | 2   |
| Interest and fiscal charges . . . . .                                 | 215                     | 273               | -                 | 273   |
| Total debt service . . . . .  | <u>114,335</u>          | <u>145,415</u>    | <u>145,140</u>    | <u>275</u>  |
| Total expenditures . . . . .  | <u>117,716</u>          | <u>149,716</u>    | <u>149,440</u>    | <u>276</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>3,354</u>            | <u>(28,646)</u>   | <u>(10,936)</u>   | <u>17,710</u>   |
| <b>Other financing sources:</b>                                       |                         |                   |                   |   |
| Transfers in . . . . .  | -                       | -                 | 32,373            | 32,373  |
| Total other financing sources. . . . .                                | <u>-</u>                | <u>-</u>          | <u>32,373</u>     | <u>32,373</u>   |
| Net change in fund balances. . . . .                                  | 3,354                   | (28,646)          | 21,437            | 50,083  |
| <b>Fund balances at beginning of year. . . . .</b>                    | <u>570,714</u>          | <u>570,714</u>    | <u>570,714</u>    | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>                          | <u>\$ 574,068</u>       | <u>\$ 542,068</u> | <u>\$ 592,151</u> | <u>\$ 50,083</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SPLASH PAD TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                   |                         |                  |                  |   |
| Donations . . . . .                                | \$ 340,480              | \$ 448,000       | \$ 96,902        | \$ (351,098)  |
| Total revenues . . . . .                           | <u>340,480</u>          | <u>448,000</u>   | <u>96,902</u>    | <u>(351,098)</u>  |
| <b>Expenditures:</b>                               |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Capital Outlay:                                    |                         |                  |                  |   |
| Operating . . . . .                                | 450,000                 | 687,000          | 686,582          | 418   |
| Total expenditures . . . . .                       | <u>450,000</u>          | <u>687,000</u>   | <u>686,582</u>   | <u>418</u>  |
| Excess of expenditures over revenues . . . . .     | <u>(109,520)</u>        | <u>(239,000)</u> | <u>(589,680)</u> | <u>(350,680)</u>  |
| <b>Other financing sources:</b>                    |                         |                  |                  |   |
| Note issuance . . . . .                            | 107,520                 | 141,000          | 500,000          | 359,000   |
| Premium on sale of notes . . . . .                 | -                       | -                | 4,691            | 4,691   |
| Total other financing sources . . . . .            | <u>107,520</u>          | <u>141,000</u>   | <u>504,691</u>   | <u>363,691</u>  |
| Net change in fund balance . . . . .               | (2,000)                 | (98,000)         | (84,989)         | 13,011  |
| <b>Fund balance at beginning of year . . . . .</b> | <u>178,127</u>          | <u>178,127</u>   | <u>178,127</u>   | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>       | <u>\$ 176,127</u>       | <u>\$ 80,127</u> | <u>\$ 93,138</u> | <u>\$ 13,011</u>  |



**CITY OF DEFIANCE, OHIO**

**FUND DESCRIPTIONS - PROPRIETARY FUNDS**

**ENTERPRISE FUNDS**

Enterprise funds are used to account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges. Following is a description of the City's enterprise

**Major Enterprise Funds**

***Sewer Fund***

This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City. The costs of providing these services are financed primarily through user charges.

***Water Fund***

This fund accounts for revenues generated from the charges for the treatment and provision of water to the residents and commercial users of the City.

**Nonmajor Enterprise Funds**

***Refuse Fund***

This fund accounts for the operations of providing refuse waste removal to the residents and commercial users located within the City.

***Utility Deposit Fund***

This fund accounts for the deposits used to provide water service to the residents and commercial users of the City.

**INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. Following is a description of the City's internal service fund:

***Health Care Trust Fund***

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

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SEWER FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        |              |   |
| <b>Operating revenues:</b>                            |                  |              |              |   |
| Charges for services . . . . .                        | \$ 6,618,252     | \$ 7,286,854 | \$ 7,087,787 | \$ (199,067)  |
| Other . . . . .                                       | 8,311            | 3,000        | 34,374       | 31,374  |
| Total operating revenues . . . . .                    | 6,626,563        | 7,289,854    | 7,122,161    | (167,693)   |
| <b>Operating expenses:</b>                            |                  |              |              |   |
| Personal services . . . . .                           | 1,896,042        | 2,291,638    | 2,170,028    | 121,610   |
| Contract services . . . . .                           | 334,178          | 395,337      | 376,421      | 18,916  |
| Materials and supplies . . . . .                      | 307,629          | 363,929      | 346,516      | 17,413  |
| Administrative costs . . . . .                        | 37,974           | 44,923       | 42,774       | 2,149   |
| Utilities . . . . .                                   | 304,588          | 332,432      | 321,716      | 10,716  |
| Capital outlay . . . . .                              | 4,234,613        | 5,009,608    | 4,769,911    | 239,697   |
| Other . . . . .                                       | 39               | 46           | 44           | 2   |
| Total operating expenses . . . . .                    | 7,115,063        | 8,437,913    | 8,027,410    | 410,503   |
| Operating loss . . . . .                              | (488,500)        | (1,148,059)  | (905,249)    | 242,810   |
| <b>Nonoperating revenues (expenses):</b>              |                  |              |              |   |
| Interest revenue . . . . .                            | 53,587           | 59,000       | 63,539       | 4,539   |
| Sale of capital assets . . . . .                      | -                | -            | 6,559        | 6,559   |
| Issuance of loans . . . . .                           | 580,000          | 620,000      | 506,122      | (113,878)   |
| Premium on notes . . . . .                            | -                | -            | 12,243       | 12,243  |
| Issuance of notes . . . . .                           | 1,185,260        | 1,305,000    | 1,305,000    | -   |
| Debt service:   |                  |              |              |   |
| Principal retirement . . . . .                        | (3,101,963)      | (3,669,666)  | (3,494,083)  | 175,583   |
| Interest and fiscal charges . . . . .                 | (656,177)        | (776,267)    | (739,125)    | 37,142  |
| Total nonoperating revenues (expenses) . . . . .      | (1,939,293)      | (2,461,933)  | (2,339,745)  | 122,188   |
| Loss before capital contributions . . . . .           | (2,427,793)      | (3,609,992)  | (3,244,994)  | 364,998   |
| Capital contributions . . . . .                       | 408,943          | 475,000      | 480,822      | 5,822   |
| Net change in fund equity . . . . .                   | (2,018,850)      | (3,134,992)  | (2,764,172)  | 370,820   |
| <b>Fund equity at beginning of year . . . . .</b>     | 4,064,030        | 4,064,030    | 4,064,030    | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 849,823          | 849,823      | 849,823      | -   |
| <b>Fund equity at end of year . . . . .</b>           | \$ 2,895,003     | \$ 1,778,861 | \$ 2,149,681 | \$ 370,820  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**WATER FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        |              |   |
| <b>Operating revenues:</b>                            |                  |              |              |   |
| Charges for services . . . . .                        | \$ 6,099,189     | \$ 6,099,189 | \$ 5,437,220 | \$ (661,969)  |
| Tap-in fees . . . . .                                 | 20,000           | 20,000       | 29,556       | 9,556   |
| Other. . . . .  | 6,000            | 6,000        | 29,077       | 23,077  |
| Total operating revenues. . . . .                     | 6,125,189        | 6,125,189    | 5,495,853    | (629,336)   |
| <b>Operating expenses:</b>                            |                  |              |              |   |
| Personal services. . . . .                            | 2,179,246        | 2,253,708    | 2,093,288    | 160,420   |
| Contract services. . . . .                            | 535,288          | 551,696      | 516,347      | 35,349  |
| Materials and supplies . . . . .                      | 1,135,468        | 1,170,273    | 1,095,290    | 74,983  |
| Administrative costs . . . . .                        | 17,532           | 18,070       | 16,912       | 1,158   |
| Utilities . . . . .                                   | 357,520          | 369,334      | 350,407      | 18,927  |
| Capital outlay . . . . .                              | 1,910,555        | 1,969,118    | 1,842,951    | 126,167   |
| Other. . . . .  | 1,527            | 1,574        | 1,473        | 101   |
| Total operating expenses. . . . .                     | 6,137,136        | 6,333,773    | 5,916,668    | 417,105   |
| Operating loss . . . . .                              | (11,947)         | (208,584)    | (420,815)    | (212,231)   |
| <b>Nonoperating revenues (expenses):</b>              |                  |              |              |   |
| Interest revenue . . . . .                            | 36,000           | 36,000       | 35,505       | (495)   |
| Loans issued . . . . .                                | -                | -            | 1,037,409    | 1,037,409   |
| Sale of capital assets. . . . .                       | -                | -            | 1,048        | 1,048   |
| Debt service:   |                  |              |              |   |
| Principal retirement. . . . .                         | (1,167,492)      | (1,203,279)  | (1,126,181)  | 77,098  |
| Interest and fiscal charges. . . . .                  | (346,222)        | (356,834)    | (333,971)    | 22,863  |
| Total nonoperating revenues (expenses). . . . .       | (1,477,714)      | (1,524,113)  | (386,190)    | 1,137,923   |
| Loss before capital contributions. . . . .            | (1,489,661)      | (1,732,697)  | (807,005)    | 925,692   |
| Capital contributions . . . . .                       | -                | -            | 24,764       | 24,764  |
| Net change in fund equity . . . . .                   | (1,489,661)      | (1,732,697)  | (782,241)    | 950,456   |
| <b>Fund equity at beginning of year. . . . .</b>      | 1,211,235        | 1,211,235    | 1,211,235    | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 1,763,004        | 1,763,004    | 1,763,004    | -   |
| <b>Fund equity at end of year . . . . .</b>           | \$ 1,484,578     | \$ 1,241,542 | \$ 2,191,998 | \$ 950,456  |

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2017

|  | <u>Refuse</u>     | <u>Utility<br/>Deposit</u> | <u>Total Nonmajor<br/>Enterprise Funds</u> |
|--|-------------------|----------------------------|--|
| <b>Assets:</b>                                     |                   |                            |  |
| Current assets:                                    |                   |                            |  |
| Equity in pooled cash and cash equivalents . . .   | \$ 442,960        | \$ -                       | \$ 442,960                                 |
| Receivables (net of allowance for uncollectibles): |                   |                            |  |
| Accounts . . . . .                                 | 83,930            | -                          | 83,930                                     |
| Total current assets. . . . .                      | <u>526,890</u>    | <u>-</u>                   | <u>526,890</u>                             |
| Noncurrent assets:                                 |                   |                            |  |
| Restricted assets:                                 |                   |                            |  |
| Equity in pooled cash and cash equivalents. . .    | -                 | 528,441                    | 528,441                                    |
| Cash in segregated accounts . . . . .              | 75,381            | -                          | 75,381                                     |
| Total noncurrent assets . . . . .                  | <u>75,381</u>     | <u>528,441</u>             | <u>603,822</u>                             |
| Total assets . . . . .                             | <u>602,271</u>    | <u>528,441</u>             | <u>1,130,712</u>                           |
| <b>Liabilities:</b>                                |                   |                            |  |
| Accounts payable . . . . .                         | 47,503            | -                          | 47,503                                     |
| Current liabilities:                               |                   |                            |  |
| Payable from restricted assets:                    |                   |                            |  |
| Refundable deposits . . . . .                      | -                 | 528,441                    | 528,441                                    |
| Total liabilities . . . . .                        | <u>47,503</u>     | <u>528,441</u>             | <u>575,944</u>                             |
| <b>Net position:</b>                               |                   |                            |  |
| Unrestricted . . . . .                             | 554,768           | -                          | 554,768                                    |
| Total net position . . . . .                       | <u>\$ 554,768</u> | <u>\$ -</u>                | <u>\$ 554,768</u>                          |

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Refuse</u>     | <u>Utility<br/>Deposit</u> | <u>Total Nonmajor<br/>Enterprise Funds</u> |
|---|-------------------|----------------------------|--|
| <b>Operating revenues:</b>                        |                   |                            |  |
| Charges for services . . . . .                    | \$ 964,424        | \$ -                       | \$ 964,424                                 |
| Total operating revenues . . . . .                | <u>964,424</u>    | <u>-</u>                   | <u>964,424</u>                             |
| <b>Operating expenses:</b>                        |                   |                            |  |
| Utilities . . . . .                               | 938,888           | -                          | 938,888                                    |
| Total operating expenses . . . . .                | <u>938,888</u>    | <u>-</u>                   | <u>938,888</u>                             |
| Change in net position. . . . .                   | 25,536            | -                          | 25,536                                     |
| <b>Net position at beginning of year. . . . .</b> | <u>529,232</u>    | <u>-</u>                   | <u>529,232</u>                             |
| <b>Net position at end of year . . . . .</b>      | <u>\$ 554,768</u> | <u>\$ -</u>                | <u>\$ 554,768</u>                          |

**CITY OF DEFIANCE, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Refuse</u>     | <u>Utility<br/>Deposit</u> | <u>Total Nonmajor<br/>Enterprise Funds</u> |
|---|-------------------|----------------------------|--|
| <b>Cash flows from operating activities:</b>  |                   |                            |  |
| Cash received from charges for services. . . . .  | \$ 959,504        | \$ 63,225                  | \$ 1,022,729                               |
| Cash payments for utilities. . . . .  | (937,722)         | -                          | (937,722)                                  |
| Cash payments for other operations . . . . .  | -                 | (19,551)                   | (19,551)                                   |
| Net cash provided by<br>operating activities . . . . .                                      | <u>21,782</u>     | <u>43,674</u>              | <u>65,456</u>                              |
| Net increase in cash and<br>cash equivalents . . . . .                                      | 21,782            | 43,674                     | 65,456                                     |
| <b>Cash and cash equivalents at beginning of year . . .</b>                                 | <u>496,559</u>    | <u>484,767</u>             | <u>981,326</u>                             |
| <b>Cash and cash equivalents at end of year . . . . .</b>                                   | <u>\$ 518,341</u> | <u>\$ 528,441</u>          | <u>\$ 1,046,782</u>                        |
| <b>Reconciliation of operating income to net<br/>cash provided by operating activities:</b> |                   |                            |  |
| Operating income. . . . .   | \$ 25,536         | \$ -                       | \$ 25,536                                  |
| Adjustments to reconcile operating loss to<br>net cash provided by operating activities:    |                   |                            |  |
| Changes in assets and liabilities:  |                   |                            |  |
| Increase in accounts receivable. . . . .  | (4,920)           | -                          | (4,920)                                    |
| Increase in accounts payable. . . . .   | 1,166             | -                          | 1,166                                      |
| Increase in utility deposits payable. . . . .   | -                 | 43,674                     | 43,674                                     |
| Net cash provided by operating activities . . . . .   | <u>\$ 21,782</u>  | <u>\$ 43,674</u>           | <u>\$ 65,456</u>                           |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**REFUSE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                   |   |
| <b>Operating revenues:</b>                        |                         |                  |                   |   |
| Charges for services . . . . .                    | \$ 950,000              | \$ 950,000       | \$ 959,504        | \$ 9,504  |
| Total operating revenues . . . . .                | <u>950,000</u>          | <u>950,000</u>   | <u>959,504</u>    | <u>9,504</u>  |
| <b>Operating expenses:</b>                        |                         |                  |                   |   |
| Utilities . . . . .                               | <u>1,275,000</u>        | <u>1,275,000</u> | <u>1,263,161</u>  | <u>11,839</u>   |
| Total operating expenses . . . . .                | <u>1,275,000</u>        | <u>1,275,000</u> | <u>1,263,161</u>  | <u>11,839</u>   |
| Net change in fund equity . . . . .               | (325,000)               | (325,000)        | (303,657)         | 21,343  |
| <b>Fund equity at beginning of year . . . . .</b> | <u>421,617</u>          | <u>421,617</u>   | <u>421,617</u>    | <u>-</u>  |
| <b>Fund equity at end of year . . . . .</b>       | <u>\$ 96,617</u>        | <u>\$ 96,617</u> | <u>\$ 117,960</u> | <u>\$ 21,343</u>  |

**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**UTILITY DEPOSIT FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Operating revenues:</b>                        |                         |                   |                   |   |
| Charges for services . . . . .                    | \$ 75,000               | \$ 75,000         | \$ 63,225         | \$ (11,775)   |
| Total operating revenues . . . . .                | <u>75,000</u>           | <u>75,000</u>     | <u>63,225</u>     | <u>(11,775)</u>   |
| <b>Operating expenses:</b>                        |                         |                   |                   |   |
| Utilities . . . . .                               | <u>25,000</u>           | <u>25,000</u>     | <u>19,551</u>     | <u>5,449</u>  |
| Total operating expenses . . . . .                | <u>25,000</u>           | <u>25,000</u>     | <u>19,551</u>     | <u>5,449</u>  |
| Net change in fund equity . . . . .               | 50,000                  | 50,000            | 43,674            | (6,326)   |
| <b>Fund equity at beginning of year . . . . .</b> | <u>484,767</u>          | <u>484,767</u>    | <u>484,767</u>    | <u>-</u>  |
| <b>Fund equity at end of year . . . . .</b>       | <u>\$ 534,767</u>       | <u>\$ 534,767</u> | <u>\$ 528,441</u> | <u>\$ (6,326)</u>   |



**CITY OF DEFIANCE, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HEALTH CARE TRUST FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        |              |   |
| <b>Operating revenues:</b>                        |                  |              |              |   |
| Charges for services . . . . .                    | \$ 2,980,000     | \$ 2,980,000 | \$ 2,907,147 | \$ (72,853)   |
| Total operating revenues. . . . .                 | 2,980,000        | 2,980,000    | 2,907,147    | (72,853)  |
| <b>Operating expenses:</b>                        |                  |              |              |   |
| Claims . . . . .                                  | 2,984,848        | 2,984,848    | 2,925,852    | 58,996  |
| Total operating expenses. . . . .                 | 2,984,848        | 2,984,848    | 2,925,852    | 58,996  |
| Operating loss. . . . .                           | (4,848)          | (4,848)      | (18,705)     | (13,857)  |
| <b>Nonoperating revenues:</b>                     |                  |              |              |   |
| Interest revenue . . . . .                        | 1,700            | 1,700        | 3,014        | 1,314   |
| Total nonoperating revenues . . . . .             | 1,700            | 1,700        | 3,014        | 1,314   |
| Net change in fund equity . . . . .               | (3,148)          | (3,148)      | (15,691)     | (12,543)  |
| <b>Fund equity at beginning of year. . . . .</b>  | 281,419          | 281,419      | 281,419      | -   |
| <b>Prior year encumbrances appropriated . . .</b> | 4,848            | 4,848        | 4,848        | -   |
| <b>Fund equity at end of year . . . . .</b>       | \$ 283,119       | \$ 283,119   | \$ 270,576   | \$ (12,543)   |

**CITY OF DEFIANCE, OHIO**

**FUND DESCRIPTIONS - FIDUCIARY FUNDS**

**FIDUCIARY FUNDS**

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

**AGENCY FUNDS**

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

***Municipal Court Fund***

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

**CITY OF DEFIANCE, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
**AGENCY FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

| <b>Municipal Court Fund</b>           | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Ending<br/>Balance</u> |
|---------------------------------------|------------------------------|-------------------|-------------------|---------------------------|
| <b>Assets:</b>                        |                              |                   |                   |                           |
| Cash in segregated accounts . . . . . | \$ 7,200                     | \$ 124,807        | \$ 7,200          | \$ 124,807                |
| Total assets . . . . .                | <u>\$ 7,200</u>              | <u>\$ 124,807</u> | <u>\$ 7,200</u>   | <u>\$ 124,807</u>         |
| <b>Liabilities:</b>                   |                              |                   |                   |                           |
| Due to other governments. . . . .     | \$ 7,200                     | \$ 124,807        | \$ 7,200          | \$ 124,807                |
| Total liabilities . . . . .           | <u>\$ 7,200</u>              | <u>\$ 124,807</u> | <u>\$ 7,200</u>   | <u>\$ 124,807</u>         |

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# STATISTICAL SECTION

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

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

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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>168-177</b> |
| Schedules 5-6 reflect revenue capacity and help the reader assess the City's most significant local revenue source, the income tax.   | <b>178-181</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>182-191</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>192-193</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>194-199</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>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities:</b>  |                      |                      |                      |                      |
| Net investment in capital assets | \$ 17,918,840        | \$ 16,547,338        | \$ 14,972,611        | \$ 14,422,564        |
| Restricted for:                  |                      |                      |                      |                      |
| Capital projects                 | 230,490              | 178,127              | -                    | 48,399               |
| Debt service                     | 715,831              | 722,733              | 720,585              | 714,360              |
| Transportation projects          | 307,179              | 427,612              | 804,151              | 892,276              |
| Safety projects                  | 374,231              | 455,825              | 527,162              | 506,120              |
| Special projects                 | 428,765              | 378,716              | 344,976              | 315,471              |
| Community environment projects   | 61,637               | 41,220               | 54,699               | 16,832               |
| Economic development projects    | 1,469,015            | 1,774,767            | 1,943,972            | 2,214,522            |
| Health projects                  | 3,919                | 3,161                | 1,422                | 526                  |
| Museum trust                     | 386,049              | 332,600              | -                    | -                    |
| Parks and recreation projects    | -                    | -                    | -                    | -                    |
| Other purposes                   | 384,394              | 297,697              | 423,454              | 261,533              |
| Unrestricted (deficit)           | <u>(3,453,406)</u>   | <u>(3,140,465)</u>   | <u>(2,901,972)</u>   | <u>(4,364,958)</u>   |
| Total governmental activities    | <u>18,826,944</u>    | <u>18,019,331</u>    | <u>16,891,060</u>    | <u>15,027,645</u>    |
| <b>Business-type activities:</b> |                      |                      |                      |                      |
| Net investment in capital assets | 35,185,014           | 32,132,408           | 28,739,028           | 26,579,042           |
| Unrestricted                     | <u>6,374,614</u>     | <u>7,059,023</u>     | <u>7,495,520</u>     | <u>6,746,040</u>     |
| Total business-type activities   | <u>41,559,628</u>    | <u>39,191,431</u>    | <u>36,234,548</u>    | <u>33,325,082</u>    |
| <b>Total primary government:</b> |                      |                      |                      |                      |
| Net investment in capital assets | 53,103,854           | 48,679,746           | 43,711,639           | 41,001,606           |
| Restricted                       | 4,361,510            | 4,612,458            | 4,820,421            | 4,970,039            |
| Unrestricted                     | <u>2,921,208</u>     | <u>3,918,558</u>     | <u>4,593,548</u>     | <u>2,381,082</u>     |
| Total primary government         | <u>\$ 60,386,572</u> | <u>\$ 57,210,762</u> | <u>\$ 53,125,608</u> | <u>\$ 48,352,727</u> |



|    | <u>2013</u>       | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          | <u>2009</u>          | <u>2008</u>          |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 14,481,473        | \$ 14,851,497        | \$ 14,739,970        | \$ 13,848,663        | \$ 14,665,319        | \$ 14,021,819        |
|    | -                 | 7,844                | 7,820                | -                    | 1,180,352            | 1,392,724            |
|    | 683,737           | 844,314              | 1,085,623            | 1,237,297            | 1,188,099            | 1,212,716            |
|    | 712,739           | 581,289              | 497,741              | 541,136              | 632,776              | 745,459              |
|    | 553,081           | 498,201              | 618,436              | 625,783              | 583,247              | 492,417              |
|    | 292,143           | 263,351              | 234,068              | 333,266              | 498,582              | 621,966              |
|    | 19,132            | 47,820               | 4,804                | 23,804               | 27,686               | 125,358              |
|    | 2,134,556         | 2,114,679            | 1,909,300            | 2,031,638            | 1,950,777            | 1,921,779            |
|    | 3,094             | 6,684                | 5,861                | 5,367                | 6,169                | 7,718                |
|    | -                 | -                    | -                    | -                    | -                    | -                    |
|    | -                 | -                    | -                    | -                    | 34,995               | 34,995               |
|    | 250,264           | 156,255              | 247,085              | 154,865              | 245,406              | 195,598              |
|    | 3,354,535         | 2,850,904            | 4,013,245            | 3,667,142            | 2,597,515            | 3,940,429            |
|    | <u>22,484,754</u> | <u>22,222,838</u>    | <u>23,363,953</u>    | <u>22,468,961</u>    | <u>23,610,923</u>    | <u>24,712,978</u>    |
|    | 21,292,299        | 21,768,542           | 18,422,430           | 15,279,312           | 15,197,096           | 12,651,704           |
|    | 8,057,987         | 4,474,787            | 5,003,212            | 5,493,597            | 2,742,655            | 3,787,353            |
|    | <u>29,350,286</u> | <u>26,243,329</u>    | <u>23,425,642</u>    | <u>20,772,909</u>    | <u>17,939,751</u>    | <u>16,439,057</u>    |
|    | 35,773,772        | 36,620,039           | 33,162,400           | 29,127,975           | 29,862,415           | 26,673,523           |
|    | 4,648,746         | 4,520,437            | 4,610,738            | 4,953,156            | 6,348,089            | 6,750,730            |
|    | 11,412,522        | 7,325,691            | 9,016,457            | 9,160,739            | 5,340,170            | 7,727,782            |
| \$ | <u>51,835,040</u> | <u>\$ 48,466,167</u> | <u>\$ 46,789,595</u> | <u>\$ 43,241,870</u> | <u>\$ 41,550,674</u> | <u>\$ 41,152,035</u> |

**CITY OF DEFIANCE, OHIO**

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

|                                    | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Program revenues:</b>           |                      |                      |                      |                      |
| Governmental activities:           |                      |                      |                      |                      |
| Charges for services and sales:    |                      |                      |                      |                      |
| General government                 | \$ 637,646           | \$ 596,553           | \$ 586,116           | \$ 442,820           |
| Security of persons and property   | 1,093,831            | 1,076,534            | 1,171,564            | 1,060,229            |
| Public health and welfare          | 69,450               | 85,339               | 66,674               | 105,452              |
| Community environment              | 113,649              | 104,629              | 90,988               | 98,521               |
| Leisure time activity              | 32,492               | 32,632               | 22,450               | 15,065               |
| Economic development               | 118,907              | 116,665              | 110,454              | 128,563              |
| Operating grants and contributions | 1,340,732            | 1,413,213            | 1,863,760            | 1,613,806            |
| Capital grants and contributions   | 793,763              | 2,561,591            | 677,251              | 475,707              |
| Total governmental activities      | <u>4,200,470</u>     | <u>5,987,156</u>     | <u>4,589,257</u>     | <u>3,940,163</u>     |
| Business-type activities:          |                      |                      |                      |                      |
| Charges for services and sales:    |                      |                      |                      |                      |
| Sewer                              | 7,274,344            | 7,033,171            | 7,036,691            | 6,842,532            |
| Water                              | 5,559,843            | 5,919,633            | 5,931,419            | 5,800,439            |
| Refuse                             | 964,424              | 952,016              | 945,507              | 907,542              |
| Capital grants and contributions   | 505,586              | 287,275              | 239,844              | 414,190              |
| Total business-type activities     | <u>14,304,197</u>    | <u>14,192,095</u>    | <u>14,153,461</u>    | <u>13,964,703</u>    |
| Total primary government           | <u>18,504,667</u>    | <u>20,179,251</u>    | <u>18,742,718</u>    | <u>17,904,866</u>    |
| <b>Expenses:</b>                   |                      |                      |                      |                      |
| Governmental activities:           |                      |                      |                      |                      |
| General government                 | 3,644,171            | 3,585,624            | 3,641,100            | 2,943,207            |
| Security of persons and property   | 7,320,631            | 7,462,722            | 6,405,325            | 5,490,081            |
| Public health and welfare          | 361,793              | 413,763              | 333,559              | 283,541              |
| Transportation                     | 1,977,817            | 2,875,847            | 1,785,648            | 1,726,774            |
| Community environment              | 791,726              | 586,442              | 424,611              | 422,575              |
| Leisure time activity              | 787,699              | 878,295              | 722,802              | 647,226              |
| Economic development               | 363,603              | 283,231              | 662,026              | 458,031              |
| Utility services                   | -                    | -                    | -                    | -                    |
| Other                              | -                    | -                    | -                    | -                    |
| Interest and fiscal charges        | 117,760              | 118,987              | 119,328              | 118,383              |
| Total governmental activities      | <u>15,365,200</u>    | <u>16,204,911</u>    | <u>14,094,399</u>    | <u>12,089,818</u>    |
| Business-type activities:          |                      |                      |                      |                      |
| Sewer                              | 5,783,646            | 5,358,623            | 5,386,271            | 4,955,025            |
| Water                              | 5,440,424            | 5,033,472            | 4,920,630            | 4,448,309            |
| Refuse                             | 938,888              | 1,038,273            | 1,011,149            | 973,524              |
| Total business-type activities     | <u>12,162,958</u>    | <u>11,430,368</u>    | <u>11,318,050</u>    | <u>10,376,858</u>    |
| Total primary government           | <u>\$ 27,528,158</u> | <u>\$ 27,635,279</u> | <u>\$ 25,412,449</u> | <u>\$ 22,466,676</u> |
| <b>Net (expense) revenue:</b>      |                      |                      |                      |                      |
| Governmental activities            | \$ (11,164,730)      | \$ (10,217,755)      | \$ (9,505,142)       | \$ (8,149,655)       |
| Business-type activities           | 2,141,239            | 2,761,727            | 2,835,411            | 3,587,845            |
| Total primary government           | <u>(9,023,491)</u>   | <u>(7,456,028)</u>   | <u>(6,669,731)</u>   | <u>(4,561,810)</u>   |

|    | 2013               | 2012               | 2011               | 2010               | 2009               | 2008               |
|----|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 552,784            | \$ 391,824         | \$ 367,422         | \$ 289,696         | \$ 378,315         | \$ 395,715         |
|    | 1,198,534          | 1,130,824          | 1,191,219          | 1,343,214          | 1,171,103          | 1,247,379          |
|    | 69,403             | 68,467             | 68,689             | 72,449             | 41,521             | 58,774             |
|    | 75,598             | 109,874            | 73,168             | 103,689            | 95,422             | 175,633            |
|    | 16,729             | 25,780             | 23,133             | 25,835             | 21,246             | 25,162             |
|    | 20,567             | 21,715             | 573                | 290                | 253                | 493                |
|    | 1,420,889          | 1,752,458          | 1,863,347          | 1,685,214          | 1,644,771          | 1,331,141          |
|    | 982,639            | 489,168            | 1,056,917          | 497,525            | 322,650            | 171,030            |
|    | <u>4,337,143</u>   | <u>3,990,110</u>   | <u>4,644,468</u>   | <u>4,017,912</u>   | <u>3,675,281</u>   | <u>3,405,327</u>   |
|    | 6,252,710          | 6,388,276          | 6,113,369          | 5,279,085          | 4,690,081          | 4,301,484          |
|    | 5,900,065          | 6,031,392          | 5,415,327          | 4,842,869          | 4,194,197          | 4,090,704          |
|    | 885,936            | 876,007            | 819,619            | 766,697            | 726,603            | 764,881            |
|    | 158,860            | -                  | -                  | 2,228,539          | 14,354             | 313,087            |
|    | <u>13,197,571</u>  | <u>13,295,675</u>  | <u>12,348,315</u>  | <u>13,117,190</u>  | <u>9,625,235</u>   | <u>9,470,156</u>   |
|    | <u>17,534,714</u>  | <u>17,285,785</u>  | <u>16,992,783</u>  | <u>17,135,102</u>  | <u>13,300,516</u>  | <u>12,875,483</u>  |
|    | 3,154,896          | 3,065,260          | 2,817,789          | 3,429,558          | 3,405,877          | 2,700,947          |
|    | 5,516,843          | 5,725,571          | 5,429,001          | 6,043,793          | 5,727,001          | 5,718,266          |
|    | 259,593            | 237,991            | 244,943            | 224,256            | 207,391            | 288,007            |
|    | 2,070,218          | 2,257,425          | 1,746,391          | 2,533,251          | 1,798,226          | 2,463,188          |
|    | 464,158            | 600,805            | 475,458            | 556,280            | 522,191            | 586,847            |
|    | 777,604            | 820,217            | 650,516            | 740,699            | 697,284            | 995,983            |
|    | 681,350            | 888,011            | 903,603            | 381,070            | 834,468            | 84,009             |
|    | -                  | -                  | 5,335              | -                  | -                  | -                  |
|    | -                  | -                  | -                  | -                  | 15,700             | 4,913              |
|    | 121,774            | 124,912            | 83,200             | 77,825             | 41,344             | 29,296             |
|    | <u>13,046,436</u>  | <u>13,720,192</u>  | <u>12,356,236</u>  | <u>13,986,732</u>  | <u>13,249,482</u>  | <u>12,871,456</u>  |
|    | 4,769,476          | 5,313,868          | 4,691,866          | 6,192,897          | 3,971,144          | 3,993,639          |
|    | 5,068,496          | 4,746,280          | 4,406,534          | 4,224,602          | 4,196,427          | 4,282,755          |
|    | 787,148            | 828,551            | 785,210            | 725,206            | 680,242            | 726,933            |
|    | <u>10,625,120</u>  | <u>10,888,699</u>  | <u>9,883,610</u>   | <u>11,142,705</u>  | <u>8,847,813</u>   | <u>9,003,327</u>   |
| \$ | <u>23,671,556</u>  | <u>24,608,891</u>  | <u>22,239,846</u>  | <u>25,129,437</u>  | <u>22,097,295</u>  | <u>21,874,783</u>  |
| \$ | (8,709,293)        | \$ (9,730,082)     | \$ (7,711,768)     | \$ (9,968,820)     | \$ (9,574,201)     | \$ (9,466,129)     |
|    | 2,572,451          | 2,406,976          | 2,464,705          | 1,974,485          | 777,422            | 466,829            |
|    | <u>(6,136,842)</u> | <u>(7,323,106)</u> | <u>(5,247,063)</u> | <u>(7,994,335)</u> | <u>(8,796,779)</u> | <u>(8,999,300)</u> |

- Continued

**CITY OF DEFIANCE, OHIO**

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

|  | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>General revenues and other changes in net position:</b>     |                     |                     |                     |                     |
| Governmental activities:                                       |                     |                     |                     |                     |
| Income taxes levied for:                                       |                     |                     |                     |                     |
| General purposes   | 6,871,036           | 6,527,709           | 6,481,829           | 6,015,181           |
| Special purposes   | 1,758,540           | 1,658,961           | 1,642,395           | 1,495,912           |
| Capital purposes   | 1,729,490           | 1,631,555           | 1,628,533           | 1,521,532           |
| Property taxes levied for:                                     |                     |                     |                     |                     |
| General purposes   | 560,928             | 603,781             | 593,210             | 620,421             |
| Special purposes   | 540,131             | 520,946             | 487,238             | 439,290             |
| Grants and entitlements not restricted<br>to specific programs | 256,159             | 276,974             | 249,294             | 387,599             |
| Investment earnings  | 109,024             | 65,862              | 38,491              | 5,153               |
| Payments in lieu of taxes                                      | -                   | -                   | -                   | -                   |
| Change in fair market value of investments                     | (8,649)             | 10,967              | (17,150)            | -                   |
| Miscellaneous  | 204,560             | 142,151             | 258,453             | 431,790             |
| Transfers  | <u>(48,876)</u>     | <u>(92,880)</u>     | <u>6,264</u>        | <u>(1,737,268)</u>  |
| Total governmental activities                                  | <u>11,972,343</u>   | <u>11,346,026</u>   | <u>11,368,557</u>   | <u>9,179,610</u>    |
| Business-type activities:                                      |                     |                     |                     |                     |
| Investment earnings  | 106,219             | 74,504              | 43,082              | 37,063              |
| Miscellaneous  | 71,863              | 27,772              | 37,237              | 63,592              |
| Transfers  | 48,876              | 92,880              | (6,264)             | 1,737,268           |
| Special items  | -                   | -                   | -                   | -                   |
| Total business-type activities                                 | <u>226,958</u>      | <u>195,156</u>      | <u>74,055</u>       | <u>1,837,923</u>    |
| Total primary government                                       | <u>12,199,301</u>   | <u>11,541,182</u>   | <u>11,442,612</u>   | <u>11,017,533</u>   |
| <b>Change in net position:</b>                                 |                     |                     |                     |                     |
| Governmental activities  | 807,613             | 1,128,271           | 1,863,415           | 1,029,955           |
| Business-type activities                                       | 2,368,197           | 2,956,883           | 2,909,466           | 5,425,768           |
| Total primary government                                       | <u>\$ 3,175,810</u> | <u>\$ 4,085,154</u> | <u>\$ 4,772,881</u> | <u>\$ 6,455,723</u> |

| 2013                | 2012                | 2011                | 2010                | 2009              | 2008                |
|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| 5,760,134           | 5,540,859           | 5,209,705           | 5,458,481           | 5,227,106         | 5,933,088           |
| 24,562              | 23,028              | 21,871              | 23,236              | 21,395            | 25,248              |
| 1,411,401           | 1,381,685           | 1,312,258           | 1,394,167           | 1,283,680         | 1,514,902           |
| 550,030             | 523,667             | 521,650             | 543,275             | 525,405           | 602,325             |
| 412,283             | 403,551             | 365,707             | 334,523             | 305,992           | 340,946             |
| 524,815             | 768,909             | 1,096,255           | 1,024,894           | 909,503           | 1,089,930           |
| 32,216              | 25,118              | 19,885              | 13,353              | 22,217            | 155,049             |
| 67,034              | 66,732              | 82,256              | 82,943              | 83,895            | -                   |
| -                   | -                   | -                   | -                   | -                 | -                   |
| 247,289             | 201,507             | 101,646             | 540,547             | 99,418            | 231,871             |
| (58,555)            | (346,089)           | (50,409)            | (588,561)           | (6,465)           | (338,560)           |
| <u>8,971,209</u>    | <u>8,588,967</u>    | <u>8,680,824</u>    | <u>8,826,858</u>    | <u>8,472,146</u>  | <u>9,554,799</u>    |
| 30,295              | 19,942              | 14,382              | 5,659               | 9,888             | 69,086              |
| 107,946             | 44,680              | 263,944             | 264,453             | 269,208           | 296,270             |
| 58,555              | 346,089             | 50,409              | 588,561             | 6,465             | 338,560             |
| 337,710             | -                   | -                   | -                   | 437,711           | -                   |
| <u>534,506</u>      | <u>410,711</u>      | <u>328,735</u>      | <u>858,673</u>      | <u>723,272</u>    | <u>703,916</u>      |
| <u>9,505,715</u>    | <u>8,999,678</u>    | <u>9,009,559</u>    | <u>9,685,531</u>    | <u>9,195,418</u>  | <u>10,258,715</u>   |
| 261,916             | (1,141,115)         | 969,056             | (1,141,962)         | (1,102,055)       | 88,670              |
| 3,106,957           | 2,817,687           | 2,793,440           | 2,833,158           | 1,500,694         | 1,170,745           |
| <u>\$ 3,368,873</u> | <u>\$ 1,676,572</u> | <u>\$ 3,762,496</u> | <u>\$ 1,691,196</u> | <u>\$ 398,639</u> | <u>\$ 1,259,415</u> |

**CITY OF DEFIANCE, OHIO**

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

|                                      | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>General fund:</b>                 |                     |                     |                     |                     |
| Nonspendable                         | \$ 3,785            | \$ 3,677            | \$ 3,488            | \$ 1,414            |
| Committed                            | -                   | -                   | -                   | -                   |
| Assigned                             | 325,076             | 351,793             | 61,305              | 81,324              |
| Unassigned                           | 4,059,005           | 3,505,898           | 3,176,273           | 2,538,419           |
| Reserved                             | -                   | -                   | -                   | -                   |
| Unreserved                           | -                   | -                   | -                   | -                   |
| Total general fund                   | <u>4,387,866</u>    | <u>3,861,368</u>    | <u>3,241,066</u>    | <u>2,621,157</u>    |
| <b>All other governmental funds:</b> |                     |                     |                     |                     |
| Nonspendable                         | 25,796              | 45,395              | 62,290              | 47,100              |
| Restricted                           | 4,508,700           | 4,865,781           | 5,080,218           | 4,651,756           |
| Committed                            | 1,080,278           | 535,260             | 1,200,258           | 867,404             |
| Unassigned (deficit)                 | (105,436)           | -                   | -                   | (90,666)            |
| Reserved                             | -                   | -                   | -                   | -                   |
| Unreserved (deficit), reported in:   |                     |                     |                     |                     |
| Special revenue funds                | -                   | -                   | -                   | -                   |
| Capital projects funds               | -                   | -                   | -                   | -                   |
| Total all other governmental funds   | <u>5,509,338</u>    | <u>5,446,436</u>    | <u>6,342,766</u>    | <u>5,475,594</u>    |
| Total governmental funds             | <u>\$ 9,897,204</u> | <u>\$ 9,307,804</u> | <u>\$ 9,583,832</u> | <u>\$ 8,096,751</u> |

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

| <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 93               | \$ 93               | \$ 87               | \$ -                | \$ -                | \$ -                |
| -                   | 8,165               | -                   | -                   | -                   | -                   |
| 200,750             | 535,956             | 364,029             | -                   | -                   | -                   |
| 1,638,857           | 1,050,874           | 1,255,774           | -                   | -                   | -                   |
| -                   | -                   | -                   | 190,796             | 298,434             | 571,452             |
| -                   | -                   | -                   | 1,573,664           | 2,044,712           | 3,019,128           |
| <u>1,839,700</u>    | <u>1,595,088</u>    | <u>1,619,890</u>    | <u>1,764,460</u>    | <u>2,343,146</u>    | <u>3,590,580</u>    |
| 33,615              | 37,124              | 23,882              | -                   | -                   | -                   |
| 4,372,647           | 4,223,607           | 4,345,580           | -                   | -                   | -                   |
| 1,212,727           | 1,037,169           | 2,073,285           | -                   | -                   | -                   |
| (498,051)           | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | 2,959,329           | 5,866,656           | 3,707,457           |
| -                   | -                   | -                   | 1,917,162           | 2,133,103           | 2,012,299           |
| -                   | -                   | -                   | (3,128,520)         | (3,148,530)         | 442,761             |
| <u>5,120,938</u>    | <u>5,297,900</u>    | <u>6,442,747</u>    | <u>1,747,971</u>    | <u>4,851,229</u>    | <u>6,162,517</u>    |
| <u>\$ 6,960,638</u> | <u>\$ 6,892,988</u> | <u>\$ 8,062,637</u> | <u>\$ 3,512,431</u> | <u>\$ 7,194,375</u> | <u>\$ 9,753,097</u> |

**CITY OF DEFIANCE, OHIO**

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

|  | <u>2017</u>       | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|-------------------|---------------------|---------------------|---------------------|
| <b>Revenues:</b>   |                   |                     |                     |                     |
| Income taxes   | \$ 10,525,260     | \$ 9,819,596        | \$ 9,731,224        | \$ 9,059,983        |
| Property and other local taxes                               | 1,108,298         | 1,115,263           | 1,093,043           | 1,031,890           |
| Payments in lieu of taxes                                    | -                 | -                   | -                   | -                   |
| Charges for services   | 654,361           | 682,231             | 752,932             | 677,255             |
| Licenses, permits and fees                                   | 303,024           | 264,417             | 288,432             | 303,813             |
| Fines and forfeitures  | 830,344           | 745,139             | 736,546             | 741,019             |
| Intergovernmental  | 2,324,995         | 3,933,444           | 2,782,356           | 2,346,937           |
| Special assessments  | 138,504           | 119,791             | 122,734             | 34,246              |
| Investment income  | 137,310           | 102,619             | 87,084              | 57,564              |
| Donations  | 160,970           | 415,498             | 123,066             | 52,343              |
| Change in fair market value of investments                   | (8,649)           | 10,967              | (17,150)            | -                   |
| Other  | 232,926           | 153,871             | 285,692             | 429,910             |
| Total revenues   | <u>16,407,343</u> | <u>17,362,836</u>   | <u>15,985,959</u>   | <u>14,734,960</u>   |
| <b>Expenditures:</b>   |                   |                     |                     |                     |
| Current:   |                   |                     |                     |                     |
| General government   | 3,186,798         | 3,091,634           | 3,400,259           | 2,845,060           |
| Security of persons and property                             | 6,498,441         | 6,387,578           | 6,007,907           | 5,505,787           |
| Public health and welfare                                    | 275,466           | 291,343             | 282,332             | 252,955             |
| Transportation   | 1,065,310         | 1,401,327           | 933,455             | 873,971             |
| Community environment  | 639,132           | 483,181             | 385,516             | 407,403             |
| Leisure time activity  | 624,519           | 650,598             | 615,564             | 557,923             |
| Economic development   | 562,262           | 386,731             | 662,026             | 492,102             |
| Other  | -                 | -                   | -                   | -                   |
| Capital outlay   | 2,514,477         | 4,516,353           | 1,795,440           | 2,551,370           |
| Debt service:  |                   |                     |                     |                     |
| Principal retirement   | 320,558           | 319,823             | 318,923             | 331,625             |
| Interest and fiscal charges                                  | 129,861           | 121,399             | 121,741             | 120,850             |
| Bond issuance costs  | -                 | -                   | -                   | -                   |
| Total expenditures   | <u>15,816,824</u> | <u>17,649,967</u>   | <u>14,523,163</u>   | <u>13,939,046</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>590,519</u>    | <u>(287,131)</u>    | <u>1,462,796</u>    | <u>795,914</u>      |
| <b>Other financing sources (uses):</b>                       |                   |                     |                     |                     |
| Premium on notes issued                                      | 9,616             | -                   | -                   | -                   |
| Issuance of bonds  | -                 | -                   | -                   | -                   |
| Premium on bonds issued                                      | -                 | -                   | -                   | -                   |
| Capital lease transaction                                    | -                 | -                   | -                   | 196,890             |
| Transfers in   | 4,748,928         | 4,264,652           | 4,260,305           | 4,200,300           |
| Transfers (out)  | (4,777,509)       | (4,258,724)         | (4,254,041)         | (4,167,713)         |
| Issuance of loans  | -                 | -                   | -                   | 110,722             |
| Sale of capital assets                                       | 17,846            | 5,175               | 18,021              | -                   |
| Total other financing sources (uses)                         | <u>(1,119)</u>    | <u>11,103</u>       | <u>24,285</u>       | <u>340,199</u>      |
| Net change in fund balances                                  | <u>\$ 589,400</u> | <u>\$ (276,028)</u> | <u>\$ 1,487,081</u> | <u>\$ 1,136,113</u> |
| Capital expenditures   | \$ 2,749,728      | \$ 3,387,670        | \$ 1,705,584        | \$ 1,314,436        |
| Debt service as a percentage of noncapital<br>expenditures   | 3.45%             | 3.09%               | 3.44%               | 3.58%               |



|    | <u>2013</u>       | <u>2012</u>        | <u>2011</u>       | <u>2010</u>        | <u>2009</u>        | <u>2008</u>       |
|----|-------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
| \$ | 6,859,653         | \$ 6,934,078       | \$ 6,645,815      | \$ 6,709,254       | \$ 6,574,354       | \$ 7,392,483      |
|    | 967,412           | 937,902            | 907,400           | 882,023            | 833,037            | 941,651           |
|    | 67,034            | 66,732             | 82,256            | 82,943             | 83,895             | -                 |
|    | 752,837           | 671,448            | 664,054           | 695,129            | 571,591            | 583,007           |
|    | 369,843           | 259,187            | 280,571           | 307,950            | 283,514            | 362,524           |
|    | 790,492           | 796,536            | 795,442           | 838,380            | 857,055            | 957,625           |
|    | 2,846,068         | 2,943,779          | 3,932,905         | 2,969,152          | 2,835,054          | 2,306,703         |
|    | 36,196            | 40,992             | 41,695            | 88,403             | 111,684            | 128,763           |
|    | 85,328            | 88,827             | 78,555            | 76,653             | 86,723             | 223,765           |
|    | 7,553             | 6,480              | 40,284            | 31,167             | 12,050             | 22,504            |
|    | -                 | -                  | -                 | -                  | -                  | -                 |
|    | 245,989           | 198,445            | 99,346            | 518,328            | 99,418             | 231,871           |
|    | <u>13,028,405</u> | <u>12,944,406</u>  | <u>13,568,323</u> | <u>13,199,382</u>  | <u>12,348,375</u>  | <u>13,150,896</u> |
|    | 2,740,480         | 2,624,218          | 2,729,651         | 3,204,581          | 3,326,526          | 2,608,253         |
|    | 5,179,234         | 5,223,915          | 5,162,340         | 5,633,172          | 5,494,652          | 5,565,046         |
|    | 224,443           | 207,560            | 215,876           | 209,367            | 195,960            | 256,613           |
|    | 845,468           | 1,003,738          | 1,090,575         | 1,286,092          | 944,909            | 924,908           |
|    | 426,724           | 506,585            | 527,416           | 530,248            | 501,339            | 577,079           |
|    | 552,903           | 595,366            | 543,357           | 542,834            | 565,067            | 744,411           |
|    | 681,350           | 888,011            | 903,603           | 381,070            | 834,468            | 84,009            |
|    | -                 | -                  | -                 | -                  | 15,700             | 4,913             |
|    | 3,101,258         | 3,775,372          | 1,721,528         | 4,904,016          | 2,885,875          | 2,363,794         |
|    | 184,686           | 164,543            | 106,308           | 104,703            | 107,723            | 132,368           |
|    | 124,250           | 147,398            | 52,821            | 78,407             | 41,913             | 30,026            |
|    | -                 | -                  | 75,000            | -                  | -                  | -                 |
|    | <u>14,060,796</u> | <u>15,136,706</u>  | <u>13,128,475</u> | <u>16,874,490</u>  | <u>14,914,132</u>  | <u>13,291,420</u> |
|    | (1,032,391)       | (2,192,300)        | 439,848           | (3,675,108)        | (2,565,757)        | (140,524)         |
|    | -                 | -                  | -                 | -                  | -                  | -                 |
|    | -                 | -                  | 4,075,000         | -                  | -                  | -                 |
|    | -                 | -                  | 42,588            | -                  | -                  | -                 |
|    | -                 | -                  | -                 | -                  | -                  | -                 |
|    | 380,000           | 410,000            | 1,459,967         | 671,356            | 456,000            | 1,108,237         |
|    | (388,085)         | (499,681)          | (1,467,197)       | (678,192)          | (462,465)          | (1,114,350)       |
|    | 1,108,126         | 1,112,332          | -                 | -                  | -                  | -                 |
|    | -                 | -                  | -                 | -                  | 13,500             | -                 |
|    | <u>1,100,041</u>  | <u>1,022,651</u>   | <u>4,110,358</u>  | <u>(6,836)</u>     | <u>7,035</u>       | <u>(6,113)</u>    |
| \$ | <u>67,650</u>     | <u>(1,169,649)</u> | <u>4,550,206</u>  | <u>(3,681,944)</u> | <u>(2,558,722)</u> | <u>(146,637)</u>  |
| \$ | 1,957,981         | \$ 2,299,108       | \$ 1,781,679      | \$ 3,863,981       | \$ 2,570,136       | \$ 1,123,330      |
|    | 2.55%             | 2.43%              | 1.40%             | 1.41%              | 1.21%              | 1.33%             |

**CITY OF DEFIANCE, OHIO**

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

|                             | <u>2017</u>          | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|-----------------------------|----------------------|---------------------|---------------------|---------------------|
| <b>Income tax rate</b>      | 1.80%                | 1.80%               | 1.80%               | 1.80%               |
| <b>Income tax receipts:</b> |                      |                     |                     |                     |
| Employee withholding        | \$ 7,651,716         | \$ 7,264,772        | \$ 6,966,593        | \$ 6,515,630        |
| % of total                  | 73.9%                | 73.0%               | 72.6%               | 73.2%               |
| Corporate                   | 1,693,685            | 1,470,360           | 1,561,195           | 1,417,159           |
| % of total                  | 16.4%                | 14.8%               | 16.3%               | 15.9%               |
| Individuals                 | 1,004,008            | 1,223,337           | 1,072,016           | 962,614             |
| % of total                  | 9.7%                 | 12.3%               | 11.2%               | 10.8%               |
| Total income tax receipts   | <u>\$ 10,349,409</u> | <u>\$ 9,958,469</u> | <u>\$ 9,599,804</u> | <u>\$ 8,895,403</u> |

**Source:** City of Defiance Income Tax

|    | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         |
|----|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|    | 1.50%               | 1.50%               | 1.50%               | 1.50%               | 1.50%               | 1.50%               |
| \$ | 5,425,774           | \$ 5,792,726        | \$ 5,533,044        | \$ 5,374,407        | \$ 5,245,899        | \$ 5,861,752        |
|    | 79.8%               | 83.2%               | 82.6%               | 80.8%               | 79.6%               | 78.1%               |
|    | 706,863             | 744,150             | 701,004             | 825,523             | 880,991             | 1,163,740           |
|    | 10.4%               | 10.7%               | 10.5%               | 12.4%               | 13.4%               | 15.5%               |
|    | 668,325             | 427,740             | 461,777             | 451,815             | 462,826             | 476,250             |
|    | 9.8%                | 6.1%                | 6.9%                | 6.8%                | 7.0%                | 6.3%                |
|    | <u>\$ 6,800,962</u> | <u>\$ 6,964,616</u> | <u>\$ 6,695,825</u> | <u>\$ 6,651,745</u> | <u>\$ 6,589,716</u> | <u>\$ 7,501,742</u> |

**CITY OF DEFIANCE, OHIO**

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

|                                | <u>2017</u>          | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--------------------------------|----------------------|---------------------|---------------------|---------------------|
| <b>Tax Rate Components:</b>    |                      |                     |                     |                     |
| General operations             | 1.195%               | 1.195%              | 1.195%              | 1.195%              |
| Police and fire                | 0.3%                 | 0.3%                | 0.3%                | 0.3%                |
| Capital improvements           | 0.3%                 | 0.3%                | 0.3%                | 0.3%                |
| Street maintenance             | 0.005%               | 0.005%              | 0.005%              | 0.005%              |
| Total income tax rate          | <u>1.80%</u>         | <u>1.80%</u>        | <u>1.80%</u>        | <u>1.80%</u>        |
| <b>Allocation of Receipts:</b> |                      |                     |                     |                     |
| General fund                   | \$ 6,869,938         | \$ 6,610,431        | \$ 6,381,313        | \$ 6,110,345        |
| % of total                     | 66.4%                | 66.4%               | 66.5%               | 68.7%               |
| Police and fire fund           | 1,725,247            | 1,660,077           | 1,589,045           | 1,225,003           |
| % of total                     | 16.7%                | 16.7%               | 16.6%               | 13.8%               |
| Capital improvements fund      | 1,725,246            | 1,660,077           | 1,602,533           | 1,534,374           |
| % of total                     | 16.7%                | 16.7%               | 16.7%               | 17.2%               |
| SCMR fund (street maintenance) | 28,978               | 27,884              | 26,913              | 25,681              |
| % of total                     | 0.3%                 | 0.3%                | 0.3%                | 0.3%                |
| Total income tax allocated     | <u>\$ 10,349,409</u> | <u>\$ 9,958,469</u> | <u>\$ 9,599,804</u> | <u>\$ 8,895,403</u> |

**Note:** Section 181.01 of the Codified Ordinances of the City of Defiance sets the current income tax rate as follows:

One-half percent (0.5%) for the purposes of general municipal operation, replacement of equipment and the extension, and enlargement and improvement of municipal services and facilities for the City. This portion is allocated to the general fund.

One-half percent (0.5%) to provide funds for the purpose of making capital improvements, improving streets, storm sewers and present recreational facilities, and general improvement of municipal services and facilities for the City. Per Section 181.25, ninety-nine percent of this portion of the tax (0.495%) is allocated to general municipal operations, and one percent of this portion of the tax (0.005%) is allocated to the Street Construction, Maintenance and Repair Fund (SCMR).

Three-tenths percent (0.3%) to provide funds for the purpose of making capital improvements only. This portion is allocated to the capital fund.

Two-tenths percent (0.2%) to provide funds for the purpose of operation of all departments and divisions supported through the general fund. This portion of the tax became effective in June of 2005.

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

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

| <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1.195%              | 1.195%              | 1.195%              | 1.195%              | 1.195%              | 1.195%              |
| 0.0%                | 0.0%                | 0.0%                | 0.0%                | 0.0%                | 0.0%                |
| 0.3%                | 0.3%                | 0.3%                | 0.3%                | 0.3%                | 0.3%                |
| 0.005%              | 0.005%              | 0.005%              | 0.005%              | 0.005%              | 0.005%              |
| <u>1.50%</u>        | <u>1.50%</u>        | <u>1.50%</u>        | <u>1.50%</u>        | <u>1.50%</u>        | <u>1.50%</u>        |
| \$ 5,417,017        | \$ 5,548,478        | \$ 5,334,329        | \$ 5,298,498        | \$ 5,249,652        | \$ 5,976,388        |
| 79.7%               | 79.7%               | 79.7%               | 79.7%               | 79.7%               | 79.7%               |
| -                   | -                   | -                   | -                   | -                   | -                   |
| 0.0%                | 0.0%                | 0.0%                | 0.0%                | 0.0%                | 0.0%                |
| 1,360,193           | 1,392,923           | 1,339,176           | 1,331,064           | 1,318,096           | 1,500,348           |
| 20.0%               | 20.0%               | 20.0%               | 20.0%               | 20.0%               | 20.0%               |
| 23,752              | 23,215              | 22,320              | 22,184              | 21,968              | 25,006              |
| 0.3%                | 0.3%                | 0.3%                | 0.3%                | 0.3%                | 0.3%                |
| <u>\$ 6,800,962</u> | <u>\$ 6,964,616</u> | <u>\$ 6,695,825</u> | <u>\$ 6,651,745</u> | <u>\$ 6,589,716</u> | <u>\$ 7,501,742</u> |

**CITY OF DEFIANCE, OHIO**

SCHEDULE 7  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS

|   | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities:</b>               |                      |                      |                      |                      |
| General obligation bonds payable <sup>4</sup> | \$ 3,089,313         | \$ 3,266,437         | \$ 3,443,561         | \$ 3,620,685         |
| Special assessment bonds payable              | -                    | -                    | -                    | -                    |
| OWDA loans payable                            | 1,864,944            | 1,981,503            | 2,098,062            | 2,214,437            |
| Capital lease obligations                     | 80,240               | 109,239              | 137,503              | 165,051              |
| <b>Business-type activities:</b>              |                      |                      |                      |                      |
| General obligation bonds payable <sup>4</sup> | 6,270,992            | 7,429,523            | 5,743,854            | 6,477,095            |
| Special assessment bonds payable              | -                    | 44,070               | 53,631               | 62,672               |
| Bond anticipation notes                       | -                    | -                    | 2,704,000            | 3,139,000            |
| OWDA loans payable                            | 27,048,372           | 28,469,070           | 30,198,958           | 31,533,115           |
| OPWC loans payable                            | 2,452,740            | 1,523,808            | 155,661              | 217,232              |
| Capital lease obligations                     | -                    | -                    | -                    | -                    |
| Total primary government                      | <u>\$ 40,806,601</u> | <u>\$ 42,823,650</u> | <u>\$ 44,535,230</u> | <u>\$ 47,429,287</u> |
| <b>Debt per capita:</b>                       |                      |                      |                      |                      |
| City population <sup>1</sup>                  | 16,687               | 16,676               | 16,995               | 16,776               |
| Outstanding debt per capita                   | \$ 2,445             | \$ 2,568             | \$ 2,620             | \$ 2,827             |
| <b>Debt as percentage of personal income:</b> |                      |                      |                      |                      |
| Personal income <sup>2</sup>                  | \$ 628,882,969       | \$ 602,470,528       | \$ 625,382,010       | \$ 607,828,032       |
| Percentage of personal income                 | 6.49%                | 7.11%                | 7.12%                | 7.80%                |
| <b>Business-type debt per customer:</b>       |                      |                      |                      |                      |
| Number of customers <sup>3</sup>              | 6,593                | 6,654                | 6,649                | 6,635                |
| Outstanding debt per customer                 | \$ 5,426             | \$ 5,631             | \$ 5,844             | \$ 6,244             |

**Notes and sources:**

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

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

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

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

|           | <b>2013</b>       | <b>2012</b>          | <b>2011</b>          | <b>2010</b>          | <b>2009</b>          | <b>2008</b>          |
|-----------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$        | 3,792,809         | \$ 3,964,933         | \$ 4,117,057         | \$ 40,000            | \$ 80,000            | \$ 120,000           |
|           | 13,043            | 27,729               | 42,272               | 106,815              | 166,358              | 229,316              |
|           | 2,220,458         | 1,112,332            | -                    | -                    | -                    | -                    |
|           | -                 | -                    | -                    | 1,765                | 6,925                | 11,690               |
|           | 7,175,337         | 7,848,578            | 8,486,820            | 9,105,062            | 9,688,303            | 10,256,545           |
|           | 71,222            | 79,307               | 86,952               | 94,182               | 101,018              | 107,483              |
|           | 3,574,000         | 2,986,000            | 3,493,000            | 3,920,000            | 4,347,000            | 4,774,000            |
|           | 32,532,365        | 31,610,089           | 32,816,389           | 32,714,041           | 29,051,352           | 22,892,250           |
|           | 289,420           | 371,573              | 451,992              | 530,737              | 607,863              | 683,429              |
|           | -                 | -                    | -                    | -                    | 3,041                | 9,257                |
| <b>\$</b> | <b>49,668,654</b> | <b>\$ 48,000,541</b> | <b>\$ 49,494,482</b> | <b>\$ 46,512,602</b> | <b>\$ 44,051,860</b> | <b>\$ 39,083,970</b> |
|           | 16,836            | 16,956               | 17,079               | 16,494               | 16,012               | 16,046               |
| \$        | 2,950             | \$ 2,831             | \$ 2,898             | \$ 2,820             | \$ 2,751             | \$ 2,436             |
| \$        | 610,001,952       | \$ 600,055,884       | \$ 569,123,517       | \$ 516,245,706       | \$ 493,057,516       | \$ 513,921,288       |
|           | 8.14%             | 8.00%                | 8.70%                | 9.01%                | 8.93%                | 7.61%                |
|           | 6,669             | 6,619                | 6,641                | 6,607                | 6,679                | 6,669                |
| \$        | 6,544             | \$ 6,481             | \$ 6,827             | \$ 7,017             | \$ 6,558             | \$ 5,806             |

**CITY OF DEFIANCE, OHIO**

SCHEDULE 8  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

|   | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    |
|---|----------------|----------------|----------------|----------------|
| <b>Population<sup>1</sup></b>                         | 16,687         | 16,676         | 16,995         | 16,776         |
| <b>Assessed value<sup>2</sup></b>                     | \$ 309,257,400 | \$ 309,257,400 | \$ 320,277,520 | \$ 319,027,680 |
| <b>General bonded debt:</b>                           |                |                |                |                |
| General obligation bonds payable <sup>3</sup>         | \$ 9,360,305   | \$ 10,695,960  | \$ 9,187,415   | \$ 10,097,780  |
| <b>Ratio of net bonded debt<br/>to assessed value</b> | 3.03%          | 3.46%          | 2.87%          | 3.17%          |
| <b>Net bonded debt per capita</b>                     | \$ 561         | \$ 641         | \$ 541         | \$ 602         |

**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>2013</b>    | <b>2012</b>    | <b>2011</b>    | <b>2010</b>    | <b>2009</b>    | <b>2008</b>    |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 16,836         | 16,956         | 17,079         | 16,494         | 16,012         | 16,046         |
| \$ 299,057,480 | \$ 300,457,400 | \$ 276,385,000 | \$ 277,919,920 | \$ 280,455,300 | \$ 286,340,580 |
| \$ 10,968,146  | \$ 11,813,511  | \$ 12,603,877  | \$ 9,145,062   | \$ 9,768,303   | \$ 10,376,545  |
| 3.67%          | 3.93%          | 4.56%          | 3.29%          | 3.48%          | 3.62%          |
| \$ 651         | \$ 697         | \$ 738         | \$ 554         | \$ 610         | \$ 647         |

**CITY OF DEFIANCE, OHIO**

SCHEDULE 9  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2017

| <u>Jurisdiction</u>  | <u>Governmental<br/>Activities Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable<br/>to City</u> | <u>Amount<br/>Applicable<br/>to City</u> |
|--|---|--|--|
| <b>Direct - City of Defiance</b>                           | \$ 5,034,497  | 100.00%                                      | \$ 5,034,497                             |
| <b>Overlapping Debt:</b>                                   |   |  |  |
| Defiance County  | 2,455,173   | 34.13%                                       | 837,951                                  |
| Defiance City School District                              | 23,030,000  | 82.57%                                       | 19,015,871                               |
| Ayersville Local School District                           | 13,346,121  | 25.42%                                       | 3,392,584                                |
| Four County Career Center Joint Vocational School District | 2,470,000   | 9.09%  | 224,523                                  |
| Northeastern Local School District                         | 3,650,000   | 29.24%                                       | 1,067,260                                |
| Total overlapping debt                                     | <u>44,951,294</u>                                       |  | <u>24,538,189</u>                        |
| Total direct and overlapping debt                          | <u>\$ 49,985,791</u>                                    |  | <u>\$ 29,572,686</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>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Total assessed property value</b>                                   | \$ 309,257,400       | \$ 309,257,400       | \$ 320,277,520       | \$ 319,027,680       |
| <b>Overall legal debt limit</b><br>(10 1/2 % of assessed valuation)    | <u>32,472,027</u>    | <u>32,472,027</u>    | <u>33,629,140</u>    | <u>33,497,906</u>    |
| Debt outstanding:  |                      |                      |                      |                      |
| General obligation bonds payable <sup>3</sup>                          | 8,963,568            | 10,224,593           | 8,860,000            | 9,725,000            |
| Special assessment bonds payable                                       | -                    | 44,070               | 53,631               | 62,672               |
| Bond anticipation notes  | -                    | -                    | 2,704,000            | 3,139,000            |
| OWDA loans payable   | 28,913,316           | 30,450,573           | 32,297,020           | 33,747,552           |
| OPWC loans payable   | <u>2,452,740</u>     | <u>1,523,808</u>     | <u>155,661</u>       | <u>217,232</u>       |
| Total gross indebtedness   | <u>40,329,624</u>    | <u>42,243,044</u>    | <u>44,070,312</u>    | <u>46,891,456</u>    |
| Less <sup>1</sup> :  |                      |                      |                      |                      |
| General obligation bonds payable <sup>3</sup>                          | 5,903,568            | 6,989,593            | 5,450,000            | 6,140,000            |
| Special assessment bonds payable                                       | -                    | 44,070               | 53,631               | 62,672               |
| Bond anticipation notes  | -                    | -                    | 2,704,000            | 3,139,000            |
| OWDA loans payable   | 28,913,316           | 30,450,573           | 32,297,020           | 33,747,552           |
| OPWC loans payable   | <u>2,452,740</u>     | <u>1,523,808</u>     | <u>155,661</u>       | <u>217,232</u>       |
| Total net debt applicable to debt limit                                | <u>3,060,000</u>     | <u>3,235,000</u>     | <u>3,410,000</u>     | <u>3,585,000</u>     |
| Add: debt service fund equity <sup>2</sup>                             | <u>592,151</u>       | <u>570,714</u>       | <u>565,440</u>       | <u>556,615</u>       |
| Legal debt margin within<br>10 1/2 % limitation                        | <u>\$ 30,004,178</u> | <u>\$ 29,807,741</u> | <u>\$ 30,784,580</u> | <u>\$ 30,469,521</u> |
| Legal debt margin as a percentage<br>of the debt limit                 | 92.40%               | 91.80%               | 91.54%               | 90.96%               |
| <b>Unvoted debt limit</b>  | <u>17,009,157</u>    | <u>17,009,157</u>    | <u>17,615,264</u>    | <u>17,546,522</u>    |
| Unvoted legal debt margin within<br>5 1/2 % limitation                 | <u>\$ 17,009,157</u> | <u>\$ 17,009,157</u> | <u>\$ 17,615,264</u> | <u>\$ 17,546,522</u> |
| Unvoted legal debt margin as a percentage<br>of the unvoted debt limit | 100.00%              | 100.00%              | 100.00%              | 100.00%              |

**Notes:**

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

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

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

| <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          | <u>2009</u>          | <u>2008</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 299,057,480       | \$ 300,457,400       | \$ 276,385,000       | \$ 277,919,920       | \$ 280,455,300       | \$ 286,340,580       |
| 31,401,035           | 31,548,027           | 29,020,425           | 29,181,592           | 29,447,807           | 30,065,761           |
| 10,550,000           | 11,350,000           | 12,095,000           | 8,635,000            | 9,215,000            | 9,780,000            |
| 84,265               | 107,036              | 129,224              | 200,997              | 267,376              | 336,799              |
| 3,574,000            | 2,986,000            | 3,493,000            | 3,920,000            | 4,347,000            | 4,774,000            |
| 34,752,823           | 31,610,089           | 32,816,389           | 32,714,041           | 29,051,352           | 22,892,250           |
| 289,420              | 371,573              | 451,992              | 530,737              | 607,863              | 683,429              |
| <u>49,250,508</u>    | <u>46,424,698</u>    | <u>48,985,605</u>    | <u>46,000,775</u>    | <u>43,488,591</u>    | <u>38,466,478</u>    |
| 6,795,000            | 7,425,000            | 8,020,000            | 8,595,000            | 9,135,000            | 9,660,000            |
| 84,265               | 107,036              | 129,224              | 200,997              | 267,376              | 336,799              |
| 3,574,000            | 2,986,000            | 3,493,000            | 3,920,000            | 4,347,000            | 4,774,000            |
| 34,752,823           | 31,610,089           | 32,816,389           | 32,714,041           | 29,051,352           | 22,892,250           |
| 289,420              | 371,573              | 451,992              | 530,737              | 607,863              | 683,429              |
| <u>3,755,000</u>     | <u>3,925,000</u>     | <u>4,075,000</u>     | <u>40,000</u>        | <u>80,000</u>        | <u>120,000</u>       |
| <u>620,652</u>       | <u>765,828</u>       | <u>1,007,820</u>     | <u>1,003,362</u>     | <u>954,176</u>       | <u>-</u>             |
| <u>\$ 28,266,687</u> | <u>\$ 28,388,855</u> | <u>\$ 25,953,245</u> | <u>\$ 30,144,954</u> | <u>\$ 30,321,983</u> | <u>\$ 29,945,761</u> |
| 90.02%               | 89.99%               | 89.43%               | 103.30%              | 102.97%              | 99.60%               |
| <u>16,448,161</u>    | <u>16,525,157</u>    | <u>15,201,175</u>    | <u>15,285,596</u>    | <u>15,425,042</u>    | <u>15,748,732</u>    |
| <u>\$ 16,448,161</u> | <u>\$ 16,525,157</u> | <u>\$ 15,201,175</u> | <u>\$ 15,285,596</u> | <u>\$ 15,425,042</u> | <u>\$ 15,748,732</u> |
| 100.00%              | 100.00%              | 100.00%              | 100.00%              | 100.00%              | 100.00%              |

**CITY OF DEFIANCE, OHIO**

SCHEDULE 11  
 PLEDGED REVENUE COVERAGE  
 LAST TEN YEARS

|  | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|------------------|------------------|
| <b>OWDA Loans - Sewer System<sup>1</sup></b> |                  |                  |                  |                  |
| Gross revenues <sup>2</sup>                  | \$ 7,380,647     | \$ 7,091,386     | \$ 7,091,366     | \$ 6,895,460     |
| Direct operating expenses <sup>3</sup>       | 3,779,418        | 3,274,574        | 3,128,395        | 2,820,670        |
| Net revenue available for debt service       | <u>3,601,229</u> | <u>3,816,812</u> | <u>3,962,971</u> | <u>4,074,790</u> |
| Annual debt service requirement <sup>4</sup> | 2,376,078        | 2,342,678        | 2,388,868        | 2,321,512        |
| Coverage                                     | 1.52             | 1.63             | 1.66             | 1.76             |
| <b>OWDA Loans - Water Reservoir</b>          |                  |                  |                  |                  |
| Gross revenues <sup>2</sup>                  | \$ 5,626,240     | \$ 5,957,319     | \$ 5,957,063     | \$ 5,843,398     |
| Direct operating expenses <sup>3</sup>       | 4,205,112        | 3,729,053        | 3,484,253        | 3,061,255        |
| Net revenue available for debt service       | <u>1,421,128</u> | <u>2,228,266</u> | <u>2,472,810</u> | <u>2,782,143</u> |
| Annual debt service requirement <sup>4</sup> | 433,107          | 432,939          | 438,506          | 438,506          |
| Coverage                                     | 3.28             | 5.15             | 5.64             | 6.34             |

**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>2013</b>      | <b>2012</b>      | <b>2011</b>      | <b>2010</b>      | <b>2009</b>      | <b>2008</b>      |
|----|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 6,270,952        | \$ 6,437,330     | \$ 6,364,585     | \$ 5,528,935     | \$ 4,950,558     | \$ 4,598,972     |
|    | 3,035,848        | 3,664,100        | 2,954,268        | 4,941,769        | 2,884,596        | 2,908,124        |
|    | <u>3,235,104</u> | <u>2,773,230</u> | <u>3,410,317</u> | <u>587,166</u>   | <u>2,065,962</u> | <u>1,690,848</u> |
|    | 2,087,309        | 2,905,438        | 3,061,015        | 2,035,828        | 1,407,607        | 817,363          |
|    | 1.55             | 0.95             | 1.11             | 0.29             | 1.47             | 2.07             |
| \$ | 6,030,551        | \$ 6,045,464     | \$ 5,442,437     | \$ 4,863,131     | \$ 4,196,841     | \$ 4,110,023     |
|    | 3,712,770        | 3,328,556        | 2,885,831        | 2,692,862        | 2,702,414        | 2,815,298        |
|    | <u>2,317,781</u> | <u>2,716,908</u> | <u>2,556,606</u> | <u>2,170,269</u> | <u>1,494,427</u> | <u>1,294,725</u> |
|    | 438,505          | 438,506          | 431,761          | 444,610          | 444,610          | 393,034          |
|    | 5.29             | 6.20             | 5.92             | 4.88             | 3.36             | 3.29             |

**CITY OF DEFIANCE, OHIO**

SCHEDULE 12  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

| Year | Population <sup>1</sup> | Total Personal<br>Income <sup>2</sup> | Per Capita<br>Personal<br>Income <sup>2</sup> | Public<br>School<br>Enrollment <sup>3</sup> | Unemployment Rates <sup>4</sup> |                  |                  |
|------|-------------------------|---------------------------------------|---|---|---------------------------------|------------------|------------------|
|      |                         |                                       |   |   | Defiance<br>County              | State of<br>Ohio | United<br>States |
| 2017 | 16,687                  | \$ 628,882,969                        | \$ 37,687                                     | 2,714                                       | 4.3%                            | 4.9%             | 4.1%             |
| 2016 | 16,676                  | 602,470,528                           | 36,128  | 2,723                                       | 4.8%                            | 4.9%             | 4.9%             |
| 2015 | 16,995                  | 625,382,010                           | 36,798  | 2,607                                       | 4.3%                            | 4.6%             | 5.6%             |
| 2014 | 16,776                  | 607,828,032                           | 36,232  | 2,650                                       | 5.4%                            | 5.7%             | 6.2%             |
| 2013 | 16,836                  | 610,001,952                           | 36,232  | 2,723                                       | 7.2%                            | 7.4%             | 7.4%             |
| 2012 | 16,956                  | 600,055,884                           | 35,389  | 2,657                                       | 7.4%                            | 7.4%             | 8.1%             |
| 2011 | 17,079                  | 569,123,517                           | 33,323  | 2,654                                       | 9.2%                            | 8.7%             | 8.9%             |
| 2010 | 16,494                  | 516,245,706                           | 31,299  | 2,723                                       | 11.8%                           | 10.0%            | 9.6%             |
| 2009 | 16,012                  | 493,057,516                           | 30,793  | 2,685                                       | 13.8%                           | 10.2%            | 9.3%             |
| 2008 | 16,046                  | 513,921,288                           | 32,028  | 2,556                                       | 7.5%                            | 6.6%             | 5.8%             |

**Notes and Sources:**

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

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

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

<sup>4</sup>U.S. Department of Labor, Bureau of Labor Statistics (annual average).



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

| <b>Tax Year 2016</b>                    |                              |             |  |
|---|------------------------------|-------------|--|
| <b>Employer</b>                         | <b>Employees<sup>1</sup></b> | <b>Rank</b> | <b>Percentage of Total<br/>City Employment</b> |
| Johns Manville Corporation (MFG)        | 729                          | 1           | 3.61%  |
| Defiance College                        | 572                          | 2           | 2.83%  |
| Defiance City Schools                   | 542                          | 3           | 2.68%  |
| Wal Mart (RETAIL)                       | 453                          | 4           | 2.24%  |
| Defiance County                         | 420                          | 5           | 2.08%  |
| Defiance Metal Products (MFG)           | 402                          | 6           | 1.99%  |
| Defiance Regional Medical Center        | 399                          | 7           | 1.98%  |
| Meijer (RETAIL)                         | 387                          | 8           | 1.92%  |
| Mercy Medical Partners                  | 307                          | 9           | 1.52%  |
| Menards (RETAIL)                        | 256                          | 10          | 1.27%  |
|   | <u>4,467</u>                 |             | <u>22.12%</u>                                  |
| <b>Total Employment Within the City</b> | 20,192                       |             |  |

| <b>Tax Year 2007</b>                      |                              |             |  |
|---|------------------------------|-------------|--|
| <b>Employer</b>                           | <b>Employees<sup>1</sup></b> | <b>Rank</b> | <b>Percentage of Total<br/>City Employment</b> |
| Johns Manville Corporation (MFG)          | 787                          | 1           | 3.44%  |
| General Motors Company (MFG) <sup>1</sup> | 709                          | 2           | 3.10%  |
| Defiance College                          | 645                          | 3           | 2.82%  |
| Defiance Metal Products (MFG)             | 571                          | 4           | 2.50%  |
| Defiance City Schools                     | 496                          | 5           | 2.17%  |
| Meijer (RETAIL)                           | 409                          | 6           | 1.79%  |
| Defiance County                           | 394                          | 7           | 1.72%  |
| Wal Mart (RETAIL)                         | 388                          | 8           | 1.70%  |
| Defiance Regional Medical Center          | 383                          | 9           | 1.68%  |
| Fauster-Cameron (HLTH)                    | 343                          | 10          | 1.50%  |
|   | <u>5,125</u>                 |             | <u>22.42%</u>                                  |
| <b>Total Employment Within the City</b>   | 22,847                       |             |  |

**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 2016 and tax year 2007 is the most current information covering a ten-year period available as of December 31, 2017.

**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>2017</b>         | <b>2016</b>         | <b>2015</b>         | <b>2014</b>         | <b>2013</b>         | <b>2012</b>         | <b>2011</b>         | <b>2010</b>         | <b>2009</b>         | <b>2008</b>         |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>General Government:</b>               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Council*                                 | 4.5                 | 4.5                 | 4.5                 | 4.5                 | 4.5                 | 4.5                 | 4.5                 | 4.5                 | 4.5                 | 4.5                 |
| Municipal Court                          | 13.5                | 13.3                | 12.9                | 13.0                | 12.5                | 13.5                | 13.8                | 13.3                | 13.2                | 12.6                |
| Mayor                                    | 2.0                 | 2.0                 | 2.0                 | 2.0                 | 2.0                 | 2.0                 | 2.0                 | 2.0                 | 2.0                 | 2.3                 |
| Administrator                            | 1.0                 | 1.0                 | 1.0                 | 1.0                 | 1.0                 | 1.0                 | 1.0                 | 1.0                 | 1.0                 | 1.0                 |
| Finance                                  | 4.8                 | 4.9                 | 4.3                 | 3.8                 | 3.8                 | 3.7                 | 3.8                 | 3.8                 | 3.9                 | 4.0                 |
| Law                                      | 3.4                 | 3.5                 | 3.5                 | 3.4                 | 3.0                 | 3.3                 | 3.8                 | 3.8                 | 3.8                 | 3.5                 |
| 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                 | 1.7                 | 2.0                 | 2.0                 | 2.0                 |
| Buildings and Land<br>Engineer           | 2.2<br>9.1          | 2.1<br>6.9          | 1.9<br>5.4          | 1.6<br>6.6          | 1.6<br>5.7          | 1.6<br>6.5          | 1.6<br>5.6          | 1.6<br>6.2          | 1.6<br>5.5          | 2.1<br>4.7          |
|  | <u>42.0</u>         | <u>39.6</u>         | <u>37.0</u>         | <u>37.4</u>         | <u>35.6</u>         | <u>37.6</u>         | <u>38.3</u>         | <u>38.7</u>         | <u>38.0</u>         | <u>37.2</u>         |
| <b>Security of Persons and Property:</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Police                                   | 33.4                | 33.9                | 33.2                | 34.1                | 31.3                | 31.1                | 31.7                | 32.8                | 32.9                | 32.9                |
| Fire                                     | 37.7                | 38.4                | 37.8                | 35.2                | 29.7                | 28.7                | 30.6                | 32.7                | 35.1                | 36.3                |
|  | <u>71.1</u>         | <u>72.3</u>         | <u>71.0</u>         | <u>69.3</u>         | <u>61.0</u>         | <u>59.8</u>         | <u>62.3</u>         | <u>65.5</u>         | <u>68.0</u>         | <u>69.2</u>         |
| <b>Leisure Time Activities:</b>          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Parks and Recreation                     | 7.2                 | 8.3                 | 7.1                 | 7.9                 | 7.7                 | 7.8                 | 7.2                 | 7.1                 | 6.8                 | 10.6                |
| Cemetery                                 | 4.2                 | 4.4                 | 4.4                 | 4.2                 | 3.8                 | 3.0                 | 2.9                 | 2.8                 | 2.8                 | 4.5                 |
| Cultural/Historian*                      | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 |
|  | <u>11.9</u>         | <u>13.1</u>         | <u>12.0</u>         | <u>12.6</u>         | <u>12.0</u>         | <u>11.3</u>         | <u>10.6</u>         | <u>10.4</u>         | <u>10.1</u>         | <u>15.6</u>         |
| <b>Community Development:</b>            |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Building Inspections                     | 2.0                 | 2.3                 | 1.8                 | 1.9                 | 2.5                 | 2.1                 | 1.6                 | 1.4                 | 1.3                 | 1.4                 |
| <b>Transportation:</b>                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Streets                                  | 10.2                | 10.3                | 10.8                | 11.6                | 9.6                 | 10.1                | 11.1                | 11.2                | 12.0                | 10.9                |
| <b>Utility Services:</b>                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Utility Billing                          | 6.0                 | 5.8                 | 6.1                 | 6.4                 | 6.8                 | 6.1                 | 6.1                 | 6.1                 | 6.1                 | 5.7                 |
| Water Treatment/Distribution             | 20.1                | 19.8                | 19.9                | 21.5                | 19.7                | 20.1                | 19.9                | 22.4                | 22.6                | 26.3                |
| Wastewater Treatment/Collection          | 19.9                | 20.0                | 18.5                | 20.3                | 18.0                | 18.3                | 18.9                | 18.2                | 18.4                | 15.4                |
|  | <u>46.0</u>         | <u>45.6</u>         | <u>44.5</u>         | <u>48.2</u>         | <u>44.5</u>         | <u>44.5</u>         | <u>44.9</u>         | <u>46.7</u>         | <u>47.1</u>         | <u>47.4</u>         |
| <b>Total</b>                             | <u><u>183.2</u></u> | <u><u>183.2</u></u> | <u><u>177.1</u></u> | <u><u>181.0</u></u> | <u><u>165.2</u></u> | <u><u>165.3</u></u> | <u><u>168.8</u></u> | <u><u>173.9</u></u> | <u><u>176.5</u></u> | <u><u>181.7</u></u> |

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

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

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

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**CITY OF DEFIANCE, OHIO**

SCHEDULE 15  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS

| <b>Function/Program</b>                 | <b>2017</b>        | <b>2016</b>        | <b>2015</b>        | <b>2014</b>        |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>General Government:</b>              |                    |                    |                    |                    |
| General fund beginning balance (cash)   | \$3,041,951        | \$2,305,035        | \$1,929,849        | \$1,159,602        |
| General fund revenues (cash)            | 10,394,316         | 9,881,035          | 9,740,976          | 9,491,539          |
| General fund expenditures (cash)        | 9,737,095          | 9,144,119          | 9,365,790          | 8,721,292          |
| General fund ending balance (cash)      | <u>\$3,699,172</u> | <u>\$3,041,951</u> | <u>\$2,305,035</u> | <u>\$1,929,849</u> |
| <b>Municipal Court:</b>                 |                    |                    |                    |                    |
| Cases heard and closed                  | 10,749             | 9,191              | 9,163              | 9,761              |
| <b>Police:</b>                          |                    |                    |                    |                    |
| Total calls for services                | 20,434             | 17,517             | 16,964             | 18,203             |
| Traffic violations                      | 1,509              | 1,349              | 1,236              | 1,571              |
| Motor vehicle accidents                 | 832                | 830                | 896                | 909                |
| Criminal arrests                        | 1,417              | 1,132              | 1,322              | 1,596              |
| <b>Fire/Emergency Medical Services:</b> |                    |                    |                    |                    |
| Fire calls                              | 487                | 410                | 437                | 415                |
| EMS calls                               | 2,356              | 2,088              | 2,189              | 1,841              |
| Fire safety inspections                 | 1,078              | 1,361              | 1,409              | 1,019              |
| <b>Building Inspections:</b>            |                    |                    |                    |                    |
| Construction permits issued             | 1,070              | 1,151              | 998                | 897                |
| Estimated value of construction         | \$8,003,585        | \$8,078,849        | \$5,035,057        | \$5,649,615        |
| <b>Recreation:</b>                      |                    |                    |                    |                    |
| Swimming pool memberships               | 68                 | 52                 | 38                 | 51                 |
| Shelter house rentals                   | 59                 | 51                 | 55                 | 61                 |
| <b>Streets:</b>                         |                    |                    |                    |                    |
| Salt usage (tons)                       | 600                | 400                | 500                | 570                |
| Cost of salt purchased                  | \$39,703           | \$30,788           | \$46,250           | \$30,876           |
| <b>Water:</b>                           |                    |                    |                    |                    |
| Monthly avg. water treated (mil. Gal.)  | 91.1               | 91.2               | 84.7               | 90.7               |
| Water customers                         | 6,593              | 6,654              | 6,649              | 6,635              |
| Water main breaks repaired              | 23                 | 18                 | 30                 | 32                 |
| <b>Water Pollution Control:</b>         |                    |                    |                    |                    |
| Sewer lines cleaned/repared (ft.)       | 68,220             | 85,143             | 70,100             | 84,500             |
| Sewer customers                         | 6,466              | 6,513              | 6,492              | 6,495              |

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

| <b>2013</b>        | <b>2012</b>        | <b>2011</b>        | <b>2010</b>        | <b>2009</b>        | <b>2008</b>        |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$1,239,095        | \$1,376,242        | \$1,511,693        | \$1,970,107        | \$2,840,494        | \$3,866,343        |
| 8,709,434          | 8,831,048          | 8,901,881          | 8,358,947          | 8,546,209          | 9,377,084          |
| 8,788,927          | 8,968,195          | 9,037,332          | 8,817,361          | 9,416,596          | 10,402,933         |
| <u>\$1,159,602</u> | <u>\$1,239,095</u> | <u>\$1,376,242</u> | <u>\$1,511,693</u> | <u>\$1,970,107</u> | <u>\$2,840,494</u> |
| 9,832              | 9,688              | 9,572              | 9,998              | 9,651              | 11,593             |
| 18,353             | 21,030             | 23,194             | 25,834             | 28,655             | 26,285             |
| 1,983              | 1,485              | 1,590              | 1,710              | 2,003              | 2,195              |
| 805                | 846                | 826                | 821                | 900                | 1,116              |
| 2,045              | 2,031              | 2,164              | 2,185              | 2,669              | 2,266              |
| 603                | 629                | 474                | 574                | 579                | 617                |
| 1,439              | 1,477              | 1,609              | 1,475              | 1,348              | 1,478              |
| 1,142              | 1,296              | 848                | 35                 | 12                 | 2                  |
| 925                | 1,007              | 937                | 1,161              | 1,208              | 929                |
| \$5,902,162        | \$6,253,697        | \$4,913,011        | \$7,161,765        | \$6,800,582        | \$17,494,447       |
| 50                 | 55                 | 40                 | 41                 | 31                 | 57                 |
| 45                 | 57                 | 54                 | 64                 | 66                 | 105                |
| 600                | 570                | 275                | 1,051              | 1,016              | 1,113              |
| \$27,702           | \$38,741           | \$18,755           | \$71,442           | \$77,887           | \$66,354           |
| 98.4               | 106.8              | 97.9               | 112.2              | 108.4              | 118.7              |
| 6,669              | 6,619              | 6,641              | 6,607              | 6,679              | 6,669              |
| 50                 | 0                  | 49                 | 74                 | 36                 | 61                 |
| 76,000             | 86,440             | 32,304             | 17,640             | 19,480             | 20,350             |
| 6,523              | 6,422              | 6,438              | 6,426              | 6,480              | 6,466              |

**CITY OF DEFIANCE, OHIO**

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

| <b>Function/Program</b>      | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|------------------------------|-------------|-------------|-------------|-------------|
| <b>Police:</b>               |             |             |             |             |
| Stations                     | 1           | 1           | 1           | 1           |
| Vehicles                     | 14          | 13          | 13          | 13          |
| <b>Fire/EMS:</b>             |             |             |             |             |
| Stations                     | 1           | 1           | 1           | 1           |
| Vehicles - Fire              | 9           | 9           | 9           | 9           |
| Vehicles - EMS               | 3           | 3           | 3           | 3           |
| <b>Parks and Recreation:</b> |             |             |             |             |
| Parks                        | 8           | 8           | 8           | 8           |
| Pools                        | 1           | 1           | 1           | 1           |
| Tennis courts                | 8           | 8           | 8           | 8           |
| Sand volleyball courts       | 2           | 2           | 2           | 2           |
| Basketball courts            | 4           | 4           | 4           | 4           |
| Ball fields                  | 12          | 12          | 13          | 14          |
| Park shelter houses          | 13          | 13          | 13          | 13          |
| <b>Streets:</b>              |             |             |             |             |
| Streets (miles)              | 128.50      | 128.50      | 127.80      | 122.80      |
| Vehicles                     | 18          | 18          | 18          | 17          |
| <b>Water:</b>                |             |             |             |             |
| Water lines (miles)          | 184.82      | 156.40      | 151.80      | 151.80      |
| Towers                       | 2           | 3           | 3           | 3           |
| Tower capacity               | 2.0 mg      | 1.6 mg      | 1.6 mg      | 1.6 mg      |
| Reservoir capacity           | 350 mg      | 350 mg      | 350 mg      | 350 mg      |

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

| <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1           | 1           | 1           | 1           | 1           | 1           |
| 13          | 12          | 12          | 12          | 12          | 11          |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 10          | 9           | 9           | 9           | 9           | 9           |
| 3           | 3           | 3           | 3           | 3           | 3           |
| 1           | 8           | 8           | 8           | 8           | 8           |
| 1           | 1           | 1           | 1           | 1           | 2           |
| 8           | 8           | 8           | 8           | 8           | 7           |
| 2           | 2           | 2           | 2           | 2           | 2           |
| 4           | 4           | 4           | 4           | 4           | 4           |
| 14          | 14          | 14          | 14          | 13          | 12          |
| 13          | 13          | 13          | 13          | 13          | 13          |
| 142.00      | 142.00      | 110.12      | 103.66      | 99.78       | 99.22       |
| 18          | 18          | 17          | 18          | 17          | 17          |
| 151.80      | 126.37      | 125.62      | 123.54      | 123.54      | 121.06      |
| 3           | 3           | 3           | 3           | 3           | 3           |
| 1.6 mg      | 1.6 mg      | 1.6 mg      | 1.6 mg      | 1.6 mg      | 1.6 mg      |
| 350 mg      | 350 mg      | 350 mg      | 350 mg      | 350 mg      | 350 mg      |

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**CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO**

*SUPPLEMENTAL REPORT*

FOR THE YEAR ENDED  
DECEMBER 31, 2017

**CITY OF DEFIANCE  
DEFIANCE COUNTY, OHIO**

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

*Serving Ohio Local Governments*

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

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

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Defiance's basic financial statements and have issued our report thereon dated June 18, 2018.

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

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

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

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

Members of Council and Mayor  
City of Defiance

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

Julian & Grube, Inc.  
June 18, 2018



# Dave Yost • Auditor of State

**CITY OF DEFIANCE**

**DEFIANCE COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 20, 2018**