



**CITY OF DEFIANCE
DEFIANCE COUNTY
DECEMBER 31, 2023**

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CITY OF DEFIANCE
DEFIANCE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor Program / Cluster Title</i>	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Development Services Agency</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-F-22-2BD-1	\$ 51,908
Total U.S. Department of Housing and Urban Development			<u>51,908</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster: Transportation Alternatives Program (TAP) 4B37	20.205	PID #103689	4,137
Safety Funds (4HJ7)	20.205	PID #118943	<u>25,178</u>
Total U.S. Department of Transportation			<u>29,315</u>
U.S. DEPARTMENT OF TREASURY			
<i>Direct Assistance</i>			
<u>City Council</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023	1,749,385
<i>Passed Through Ohio Department of Public Safety</i>			
<u>Police</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023	9,692
<i>Passed Through Ohio Office of Budget and Management</i>			
<u>Fire Department</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023	20,000
<i>Passed Through Ohio Emergency Management Agency</i>			
<u>Fire Department</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	AFRR-150-HIR	249,082
<u>Police</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	AFRR-189-RET	<u>116,000</u>
Total U.S. Department of Treasury			<u>2,144,159</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency</i>			
Hazard Mitigation Grant	97.039	FEMA-DR-4360.08R-OH	25,933
Hazard Mitigation Grant	97.039	FEMA-DR-4507.34R-OH	1,600
Hazard Mitigation Grant	97.039	FEMA-DR-4360.03R-OH	<u>14,931</u>
Total U.S. Department of Homeland Security			<u>42,464</u>
Total Expenditures of Federal Awards			<u>\$ 2,267,846</u>

The accompanying notes are an integral part of this schedule.

**CITY OF DEFIANCE
DEFIANCE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Defiance, Defiance County, Ohio (the City) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

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

The current cash balance on the City's local program income account as of December 31, 2023 is \$959,931.

NOTE E – MATCHING REQUIREMENTS

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

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Defiance, Defiance County, Ohio's (City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Defiance's major federal program for the year ended December 31, 2023. City of Defiance's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Defiance complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 27, 2024. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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**CITY OF DEFIANCE
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus State and Local Fiscal Recovery Funds – AL #21.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2023-001

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2023 the City's appropriations exceeded the amount certified as available by the budget commission in the Capital Improvement Fund in the amount of \$373,286.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the City's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The City should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the City should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by City Council to reduce the appropriations.

Officials' Response:

See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

None



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a great place to live

City of Defiance | Finance Department

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2023**

Finding Number: 2023-001
Planned Corrective Action: The Finance Director has a better understanding of monitoring estimated resources and appropriations.
Anticipated Completion Date: December 31, 2024
Responsible Contact Person: Kimberly Sprague, Finance Director

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City of Defiance, Ohio



DEFIANCE
a great place to live

Annual Comprehensive Financial Report

for the year ended December 31, 2023

CITY OF DEFIANCE, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

KIMBERLY SPRAGUE
FINANCE DIRECTOR

PREPARED BY THE CITY FINANCE DEPARTMENT

INTRODUCTORY SECTION

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CITY OF DEFIANCE, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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June 27, 2024

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

Transmittal Letter

I am pleased to submit the Annual Comprehensive Financial Report for the City of Defiance, Ohio (the “City”) for the year ended December 31, 2023. The Annual Comprehensive Financial Report is the official report of the City’s operations and financial position for the year and has been developed for the benefit of Defiance residents and elected officials, investment banks, underwriters and all other interested parties. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

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

The City is required by State law to have an annual audit performed by the Auditor of State’s Office or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State’s Office performed the audit for the year ended December 31, 2023, and they have issued an unmodified (“clean”) opinion. The Independent Auditor’s Report on the City’s financial statements is included in the Financial Section of this report.

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

As part of the City’s independent audit, tests are made to determine the adequacy of the internal controls, as well as to determine that the City has complied with applicable laws and regulations. The results of the City’s independent audit for the year ended December 31, 2023, provided no instances of material weaknesses in internal controls or significant violations of applicable laws and regulations.

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

Profile of the Government

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



Today, the City of approximately 17,000 residents serves as a significant commercial center for a five-county, predominantly agricultural area, and is home to numerous industrial operations, including those of General Motors (automotive) and Johns Manville (construction materials/insulation). It is also home to Defiance College, an independent liberal arts college founded in 1850.

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

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

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

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

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

Local Economy

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

In keeping with momentum of the last several years, multiple new retail enterprises were opened during 2023. Unemployment rates in Defiance County averaged 3.1% in 2023. Comparable numbers for the State of Ohio and the United States were 4.0% and 4.5%, respectively.

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

Long-Term Financial Planning

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

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

The City issued a modest amount of new debt in 2023 to complete the aforementioned capital infrastructure related to ongoing economic development efforts.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Defiance, Ohio for its annual comprehensive financial report for the year ended December 31, 2022. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standard of preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

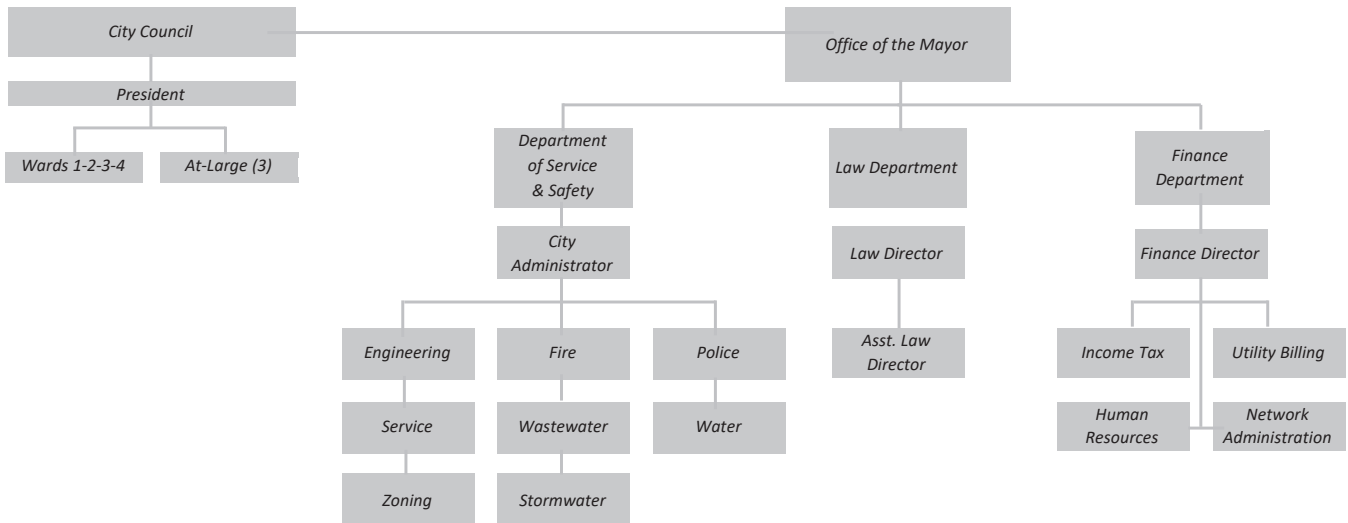
I would like to express my appreciation to the employees of the Defiance Finance Department for their hard work and professionalism. The successful preparation of this document would not be possible without their efforts. I would also like to thank the Mayor and Members of City Council for their ongoing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

Respectfully submitted,

A handwritten signature in cursive script that reads "Kimberly Sprague".

Kimberly D. Sprague
Finance Director

CITY OF DEFIANCE, OHIO
 ORGANIZATIONAL CHART



CITY OF DEFIANCE, OHIO
LIST OF ELECTED AND APPOINTED OFFICIALS
AS OF DECEMBER 31, 2023

Elected Officials

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

Appointed Officials

City Administrator	Ryan Mack
Law Director	Sean O'Donnell
Finance Director	Kimberly, Sprague
Council Clerk	Lisa Elders
Municipal Court Clerk	Casey Linebrink



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Defiance
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Defiance, Defiance County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Police and Fire Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (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, 2023. 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 2023 are as follows:

- The City's total net position increased \$3,715,776. Net position of governmental activities increased \$1,712,056 from 2022's net position, and net position of business-type activities increased \$2,003,720 from 2022's net position.
- General revenues accounted for \$16,777,625, or 71.95% of total governmental activities revenue. Program specific revenues accounted for \$6,539,872 or 28.05% of total governmental activities revenue.
- The City had \$21,065,603 in expenses related to governmental activities; \$6,539,872 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 \$16,777,625.
- The City has three major governmental funds, the general fund, the police and fire fund, and the capital improvement fund. The general fund had revenues and other financing sources of \$12,497,400 in 2023, while the expenditures and other financing uses totaled \$12,175,028. The net increase in fund balance for the general fund was \$322,372.
- The police and fire fund had revenues and other financing sources in the amount of \$7,498,422 in 2023, and expenditures totaling \$7,421,258. The net increase in fund balance for the police and fire fund was \$77,164.
- The capital improvement fund had revenues and other financing sources of \$3,503,061 and expenditures of \$4,906,852 in 2023. The net decrease in fund balance for the capital improvement fund was \$1,403,791.
- Net position for the business-type activities, which is made up of the sewer, water, refuse, and utility deposit enterprise funds, increased in 2023 by \$2,003,720. 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 \$575,569 more than the amounts reported in the final budget and other financing sources, and actual expenditures and other financing uses were \$466,821 less than the amounts reported in the final budget and other financing uses, as a result of closely monitored spending practices. Original budgeted revenues and other financing sources were \$1,500 less than the final budget and other financing sources. Budgeted expenditures and other financing uses increased \$220,000 from the original to the final budget.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

Reporting the City as a Whole

Statement of Net Position and Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

CITY OF DEFIANCE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the police and fire fund, and the capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

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CITY OF DEFIANCE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the City’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of December 31, 2023 and 2022.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current and other assets	\$18,050,091	\$ 20,789,972	\$7,978,702	\$ 10,214,102	\$ 26,028,793	\$ 31,004,074
Capital assets, net	38,567,101	35,467,532	91,471,476	91,767,504	130,038,577	127,235,036
Total assets	56,617,192	56,257,504	99,450,178	101,981,606	156,067,370	158,239,110
<u>Deferred outflows of resources</u>						
Unamortized deferred charges	13,155	14,815	17,400	33,307	30,555	48,122
Pension	8,047,443	4,616,227	2,211,742	799,120	10,259,185	5,415,347
OPEB	1,333,548	1,047,319	286,816	177,553	1,620,364	1,224,872
Total deferred outflows of resources	9,394,146	5,678,361	2,515,958	1,009,980	11,910,104	6,688,341
<u>Liabilities</u>						
Current liabilities	1,064,860	2,574,511	740,743	656,645	1,805,603	3,231,156
Long-term liabilities:						
Due within one year	1,377,872	1,509,341	3,694,596	3,785,013	5,072,468	5,294,354
Net pension liability	21,749,083	11,754,578	4,136,783	1,215,425	25,885,866	12,970,003
Net OPEB liability	1,289,208	1,737,783	92,867	-	1,382,075	1,737,783
Other amounts	7,776,303	8,449,362	35,926,926	40,081,317	43,703,229	48,530,679
Total liabilities	33,257,326	26,025,575	44,591,915	45,738,400	77,849,241	71,763,975
<u>Deferred inflows of resources</u>						
Property taxes	1,031,600	833,300	-	-	1,031,600	833,300
Payments in lieu of taxes	37,597	-	-	-	37,597	-
Pension	1,260,989	6,234,711	479,967	1,735,180	1,740,956	7,969,891
OPEB	1,307,504	1,438,013	32,519	659,991	1,340,023	2,098,004
Total deferred inflows of resources	3,637,690	8,506,024	512,486	2,395,171	4,150,176	10,901,195
<u>Net position</u>						
Net investment in capital assets	31,571,924	29,685,536	52,040,995	48,811,785	83,612,919	78,497,321
Restricted	4,734,493	6,570,157	43,978	-	4,778,471	6,570,157
Unrestricted (deficit)	(7,190,095)	(8,851,427)	4,776,762	6,046,230	(2,413,333)	(2,805,197)
Total net position	\$ 29,116,322	\$ 27,404,266	\$ 56,861,735	\$ 54,858,015	\$ 85,978,057	\$ 82,262,281

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

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$85,978,057. At December 31, 2022, net position was \$29,116,322 and \$56,861,735 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, 2023
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At December 31, 2023, capital assets represented 83.32% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, leased equipment, leased vehicles, and infrastructure. Capital assets of the governmental activities equaled 68.12% of total assets, while capital assets of the business-type activities represented 91.98% of total assets. The net investment in capital assets at December 31, 2023 was \$31,571,924 and \$52,040,995 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, \$4,778,471, 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, 2023
(UNAUDITED)

The table below shows the changes in net position for 2023 and 2022.

	Change in Net Position					
	Governmental Activities 2023	Business-type Activities 2023	Governmental Activities 2022	Business-type Activities 2022	Total 2023	Total 2022
Revenues:						
Program revenues:						
Charges for services and sales	\$ 1,926,472	\$ 15,105,176	\$ 1,990,086	\$ 15,648,867	\$ 17,031,648	\$ 17,638,953
Operating grants and contributions	1,887,490	-	2,030,177	-	1,887,490	2,030,177
Capital grants and contributions	2,725,910	238,437	602,822	425,233	2,964,347	1,028,055
Total program revenues	<u>6,539,872</u>	<u>15,343,613</u>	<u>4,623,085</u>	<u>16,074,100</u>	<u>21,883,485</u>	<u>20,697,185</u>
General revenues:						
Property taxes	1,238,419	-	1,256,642	-	1,238,419	1,256,642
Income taxes	13,791,604	-	13,089,306	-	13,791,604	13,089,306
Unrestricted grants and entitlements	576,273	-	578,610	-	576,273	578,610
Investment earnings	298,543	203,820	88,397	66,898	502,363	155,295
Permissive motor vehicle license tax	82,760	-	-	-	82,760	-
Change in fair value of investments	293,018	-	(644,596)	-	293,018	(644,596)
Miscellaneous	497,008	140,630	487,627	33,993	637,638	521,620
Total general revenues	<u>16,777,625</u>	<u>344,450</u>	<u>14,855,986</u>	<u>100,891</u>	<u>17,122,075</u>	<u>14,956,877</u>
Total revenues	<u>23,317,497</u>	<u>15,688,063</u>	<u>19,479,071</u>	<u>16,174,991</u>	<u>39,005,560</u>	<u>35,654,062</u>
Expenses:						
General government	4,664,353	-	3,733,337	-	4,664,353	3,733,337
Security of persons and property	9,902,022	-	7,996,746	-	9,902,022	7,996,746
Public health and welfare	730,256	-	552,739	-	730,256	552,739
Transportation	2,735,624	-	2,400,745	-	2,735,624	2,400,745
Community environment	1,108,381	-	610,028	-	1,108,381	610,028
Leisure time activity	1,542,682	-	1,026,458	-	1,542,682	1,026,458
Economic development	177,702	-	233,792	-	177,702	233,792
Interest and fiscal charges	204,583	-	221,174	-	204,583	221,174
Water	-	6,113,560	-	5,355,292	6,113,560	5,355,292
Sewer	-	7,036,202	-	5,756,541	7,036,202	5,756,541
Other business-type activities	-	1,074,419	-	1,074,012	1,074,419	1,074,012
Total expenses	<u>21,065,603</u>	<u>14,224,181</u>	<u>16,775,019</u>	<u>12,185,845</u>	<u>35,289,784</u>	<u>28,960,864</u>
Change in net position before transfers	<u>2,251,894</u>	<u>1,463,882</u>	<u>2,704,052</u>	<u>3,989,146</u>	<u>3,715,776</u>	<u>6,693,198</u>
Transfers	<u>(539,838)</u>	<u>539,838</u>	<u>15,489</u>	<u>(15,489)</u>	<u>-</u>	<u>-</u>
Change in net position	1,712,056	2,003,720	2,719,541	3,973,657	3,715,776	6,693,198
Net position, beginning of year	<u>27,404,266</u>	<u>54,858,015</u>	<u>24,684,725</u>	<u>50,884,358</u>	<u>82,262,281</u>	<u>75,569,083</u>
Net position, end of year	<u>\$ 29,116,322</u>	<u>\$ 56,861,735</u>	<u>\$ 27,404,266</u>	<u>\$ 54,858,015</u>	<u>\$ 85,978,057</u>	<u>\$ 82,262,281</u>

CITY OF DEFIANCE, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$1,712,056.

Expenses of the governmental activities increased \$4,290,584. This increase is primarily the result of the increase in pension & other post-employment benefit expenses.

During 2023, the City’s income tax revenue increased \$702,298 over 2022’s. This increase is the result of taxpayers’ increasing employment in 2023.

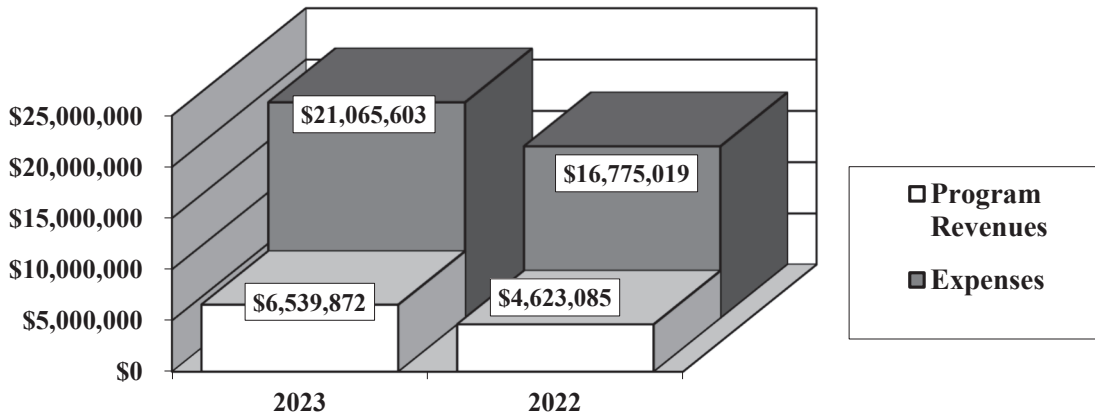
Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$9,902,022 of the total expenses of the City. These expenses were partially funded by \$1,237,671 in direct charges to users of the services, \$25,178 in capital grants and contributions and \$567,609 in operating grants and contributions. Transportation expenses totaled \$2,735,624 in 2023. Transportation expenses were partially funded by \$1,249,232 in operating grants and contributions and \$1,860,818 in capital grants and contributions.

The State and federal government contributed to the City a total of \$1,887,490 in operating grants and contributions and \$2,725,910 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$16,777,625 and amounted to 71.95% of total governmental activities revenue. These revenues primarily consist of property and income tax revenue totaling \$ 15,030,023. 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 \$576,273.

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 2023 and 2022. 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



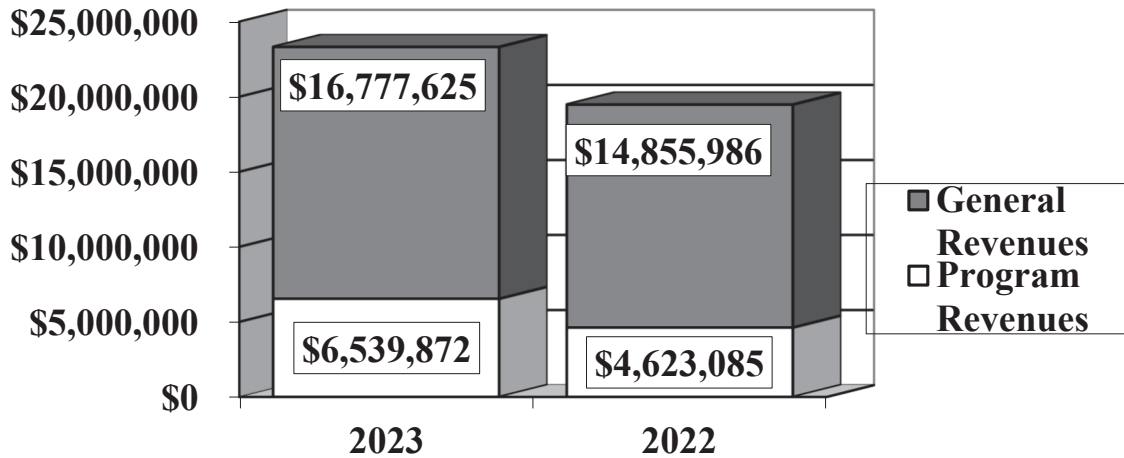
CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

	Governmental Activities			
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
	2023	2023	2022	2022
Program Expenses:				
General government	\$ 4,664,353	\$ 3,387,660	\$ 3,733,337	\$ 2,787,879
Security of persons and property	9,902,022	8,071,564	7,996,746	6,486,978
Public health and welfare	730,256	585,381	552,739	270,949
Transportation	2,735,624	(374,426)	2,400,745	1,091,775
Community environment	1,108,381	991,532	610,028	499,287
Leisure time activity	1,542,682	1,517,104	1,026,458	981,910
Economic development	177,702	142,333	233,792	(188,018)
Interest and fiscal charges	204,583	204,583	221,174	221,174
Total	\$ 21,065,603	\$ 14,525,731	\$ 16,775,019	\$ 12,151,934

The dependence upon general revenues for governmental activities is apparent, with 68.95% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



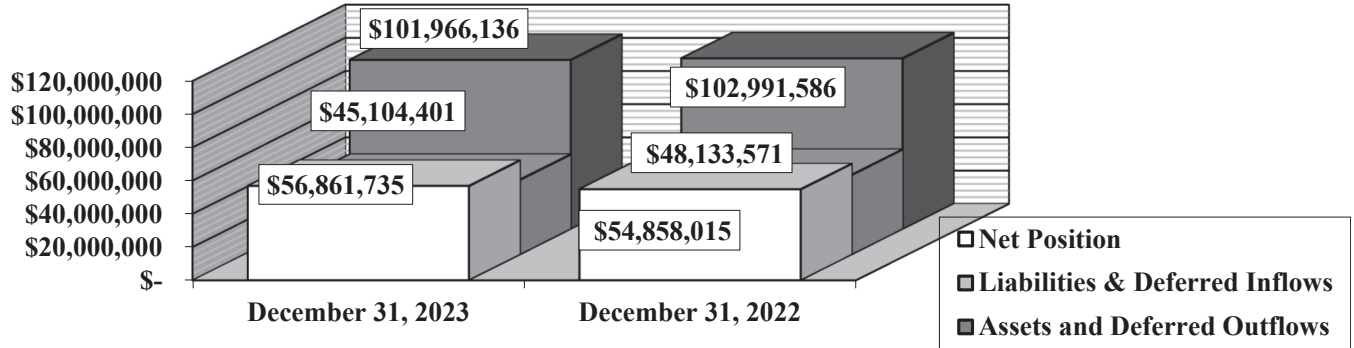
Business-type Activities

Business-type activities include the sewer, water, refuse, and utility deposit enterprise funds. These programs had program revenues of \$15,343,613, general revenues of \$344,450, expenses of \$14,224,181, and \$539,838 in transfers in during 2023. Business-type activities net position increased \$2,003,720, primarily due to program revenues in the sewer and water fund continuing to outpace their expenditures and changes made to the pension and OPEB liability calculations on a statewide level in 2022. The graph on the following page shows the business-type activities assets and deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31, 2023 and December 31, 2022, respectively.

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 \$14,381,403, which is a \$1,190,251 decrease from last year's fund balance total of \$15,571,654. The table below indicates the fund balances and the total change in fund balances as of December 31, 2023 and December 31, 2022 for all major and nonmajor governmental funds.

	<u>Fund Balances</u> <u>December 31, 2023</u>	<u>Fund Balances</u> <u>December 31, 2022</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 7,291,045	\$ 6,968,673	\$ 322,372
Police and fire	183,763	106,599	77,164
Capital improvement	1,972,880	3,376,671	(1,403,791)
Nonmajor governmental funds	<u>4,933,715</u>	<u>5,119,711</u>	<u>(185,996)</u>
 Total	 <u>\$ 14,381,403</u>	 <u>\$ 15,571,654</u>	 <u>\$ (1,190,251)</u>

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

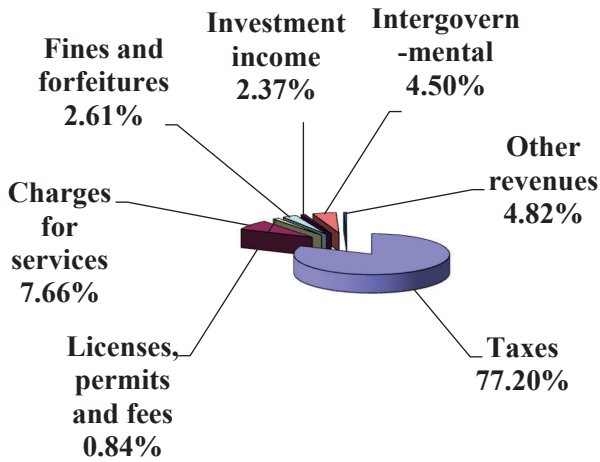
General Fund

The City's general fund balance increased \$322,372. The table that follows assists in illustrating the revenues of the general fund for 2023 and 2022.

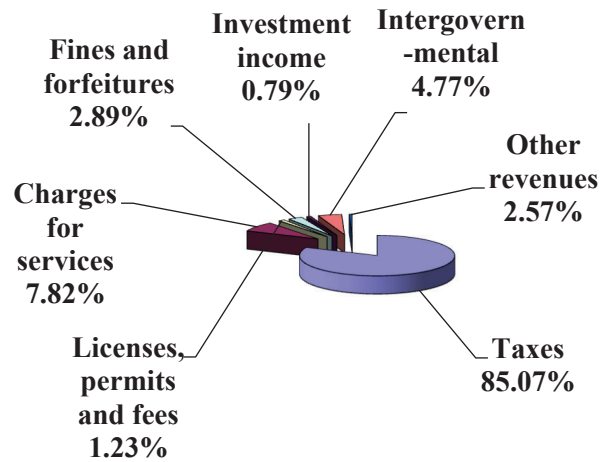
	2023 <u>Amount</u>	2022 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues				
Taxes	\$9,504,089	\$ 9,540,939	\$ (36,850)	(0.39) %
Charges for services	943,178	877,266	65,912	7.51 %
Licenses, permits and fees	103,822	137,507	(33,685)	(24.50) %
Fines and forfeitures	321,724	323,703	(1,979)	(0.61) %
Investment income	291,504	89,005	202,499	227.51 %
Intergovernmental	553,435	534,782	18,653	3.49 %
Other	593,873	(287,801)	881,674	306.35 %
Total	<u>\$ 12,311,625</u>	<u>\$ 11,215,401</u>	<u>\$ 1,096,224</u>	9.77 %

Overall revenues of the general fund increased \$1,096,224 or 9.77%. Tax revenue decreased \$36,850 or 0.39% primarily due to decreases in income tax collected in 2023. Charges for services increased \$65,912 or 7.51% due to greater revenue from EMS runs. Licenses, permits, and fees decreased 24.50% due to decreased City permit requests during 2023. Fines and forfeitures decreased \$1,979, primarily due to decreased criminal and civil fines during 2023. Investment income increased \$202,499 or 227.51% primarily due to higher interest rates on City investments during 2023. Other revenue increased 306.35% due primarily to an increase in the fair value of investments during 2023.

Revenues - 2023



Revenues - 2022



CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The table that follows assists in illustrating the expenditures of the general fund for 2023 and 2022.

	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
General government	\$ 3,503,369	\$ 3,632,217	\$ (128,848)	(3.55) %
Public health and welfare	542,591	463,364	79,227	17.10 %
Community environment	774,797	729,741	45,056	6.17 %
Leisure time activity	1,091,202	815,009	276,193	33.89 %
Economic development	142,307	117,149	25,158	21.48 %
Capital outlay	71,544	74,483	(2,939)	(3.95) %
Debt service	37,111	14,733	22,378	151.89 %
Total	<u>\$ 6,162,921</u>	<u>\$ 5,846,696</u>	<u>\$ 316,225</u>	5.41 %

Overall expenditures of the general fund increased \$316,225 or 5.41%. General government expenditures decreased \$128,848 or 3.55%, primarily due to decreases in expenses in the finance and income tax departments. Leisure time activities increased by \$276,193, primarily due to increases in the Parks and Recreation department as activity is increasing after COVID-19. Capital outlay and debt service expenditures of \$108,655 were for lease activity.

Police and Fire Fund

The police and fire fund had revenues and other financing sources in the amount of \$7,498,422 in 2023, and expenditures totaling \$7,421,258. The net increase in fund balance for the police and fire fund was \$77,164.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$3,503,061 and expenditures of \$4,906,852 in 2023. The net decrease in fund balance for the capital improvement fund was \$1,403,791.

CITY OF DEFIANCE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly. Budgetary information is presented for the general fund and the police and fire fund. In the general fund, the actual revenues and other financing sources came in \$575,569 more than the amounts reported in the final budget and other financing sources, and actual expenditures and other financing uses were \$466,821 less than the amounts reported in the final budget and other financing uses, as a result of closely monitored spending practices. Original budgeted revenues and other financing sources were \$1,500 less than the final budget and other financing sources. Budgeted expenditures and other financing uses increased \$220,000 from the original to the final budget.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At December 31, 2023, the City had \$130,038,577 (net of accumulated depreciation/amortization) invested in land, construction in progress, land improvements, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure, and intangible right to use vehicles and equipment. Of this total, \$38,567,101 was reported in governmental activities and \$91,471,476 was reported in business-type activities. The following table shows December 31, 2023 balances compared to December 31, 2022.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 2,042,449	\$ 2,042,449	\$ 662,207	\$ 662,207	\$ 2,704,656	\$ 2,704,656
Construction in progress	4,625,160	4,567,860	15,417,436	13,443,048	20,042,596	18,010,908
Land improvements	-	-	186,090	216,433	186,090	216,433
Buildings and improvements	5,968,277	5,343,513	11,438,564	12,108,185	17,406,841	17,451,698
IOTB	3,008,364	2,790,826	-	-	3,008,364	2,790,826
Equipment	1,559,984	1,519,545	3,084,291	3,216,945	4,644,275	4,736,490
Vehicles	1,237,404	1,376,121	513,188	392,170	1,750,592	1,768,291
Infrastructure	19,309,074	17,179,262	60,007,354	61,519,786	79,316,428	78,699,048
Intangible right to use assets:						
Leased equipment	258,730	289,324	-	-	258,730	289,324
Leased vehicles	<u>557,659</u>	<u>358,632</u>	<u>162,346</u>	<u>208,730</u>	<u>720,005</u>	<u>567,362</u>
Totals	<u>\$ 38,567,101</u>	<u>\$ 35,467,532</u>	<u>\$ 91,471,476</u>	<u>\$ 91,767,504</u>	<u>\$ 130,038,577</u>	<u>\$ 127,235,036</u>

The infrastructure capital asset category includes roads, bridges, culverts, sidewalks, and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 50.07% of the City's total governmental activities capital assets at December 31, 2023.

CITY OF DEFIANCE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The City’s largest business-type activities capital asset category is infrastructure, which primarily includes sewer lines and water lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City’s infrastructure (cost less accumulated depreciation) represents approximately 65.60% of the City’s total business-type activities capital assets at December 31, 2023.

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

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2023 and December 31, 2022.

	Governmental Activities	
	2023	2022
General obligation bonds	\$ 4,800,000	\$ 5,421,000
Land acquisition bonds	1,421,452	1,543,523
OWDA loans	1,165,590	1,282,149
Financed purchase agreement obligations	418,181	319,610
Leases payable	359,558	356,706
Net pension liability	21,749,083	11,754,578
Net OPEB liability	1,289,208	1,737,783
Compensated absences	897,968	934,929
Total long-term obligations	\$ 32,101,040	\$ 23,350,278
	Business-type Activities	
	2023	2022
General obligation bonds	\$ 6,028,000	\$ 7,574,000
Leases payable	132,261	176,276
OWDA loans	31,326,416	33,825,946
OPWC loans	1,789,351	1,912,754
Net pension liability	4,136,783	1,215,425
Net OPEB liability	92,867	-
Compensated absences	252,341	224,707
Total long-term obligations	\$ 43,758,019	\$ 44,929,108

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

Economic Factors and Next Year’s Budget

The following economic factors currently affect the City of Defiance, and were considered in developing the City’s 2023 budget:

- Due to federal and state relief funding related to the COVID-19 pandemic and a local economy that was much stronger than expected, General Fund balances at the end of 2023 were near all-time highs. However, budget preparation for 2023 proceeded conservatively, as in years past, in acknowledgment of the one-time “windfall” nature of stimulus funds.
- Income tax cash revenues were 4 % higher than in 2022. Employee withholding increased 3.74%; corporate filings were down 6.66% and individual filings were up 47%.
- The local unemployment rate in 2023 averaged 3.10%. This was up from the prior year (3.90%) and was lower than the State of Ohio (3.7%) and the comparable national rate (3.7%).
- City employee health insurance rates increased 12.9 % for 2023. For the 3-year period 2022-2023, the City’s health insurance premium increases have averaged 5.93%. As for most employers, the rising cost of health insurance continues to be a constraint on operating budgets and will continue to be scrutinized in future budget years.
- Wage increases for the Police and Fire bargaining unit employees, as well as for non-bargaining unit employees, were budgeted at 4 % for 2023; wage increases for the ASFCME bargaining unit employees were budgeted at 3 %, pending upcoming contract negotiations.

CITY OF DEFIANCE, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

In 2023, the local economy continued to recover from the pandemic, with higher employment and taxable earnings. Tax revenues have largely recovered, and the local retail sector is expanding. There are promising industrial development projects underway, as well. The City, including Council and the current Administration, continues to hold economic development as one of its highest priorities. Expanding the employment base, especially in manufacturing and professional service industries, is a key to the City’s future prosperity. As resources allow, efforts to address infrastructure maintenance needs, including streets, parks beautification, and expansion of park lands and recreational opportunities along the City’s river front will continue. Attention to such “quality of life” issues is believed to be an important aspect of the City’s economic development efforts.

Contacting the City’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Defiance, 631 Perry Street, Defiance, Ohio 43512-2779.

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CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 12,123,106	\$ 6,774,038	\$ 18,897,144
Cash in segregated accounts.	658,055	-	658,055
Receivables (net of allowance for uncollectibles)			
Income taxes	2,112,828	-	2,112,828
Property and other local taxes	1,142,797	-	1,142,797
Accounts	169,145	498,637	667,782
Loans receivable	642,365	-	642,365
Special assessments	114,076	-	114,076
Accrued interest	32,517	26,183	58,700
Payments in lieu of taxes	37,597	-	37,597
Due from other governments	892,803	-	892,803
Materials and supplies inventory	49,493	167,341	216,834
Prepaid bond insurance	6,277	5,689	11,966
Net pension asset	69,032	43,978	113,010
Restricted assets:			
Equity in pooled cash and cash equivalents	-	383,216	383,216
Cash in segregated accounts	-	79,620	79,620
Capital assets:			
Land and construction in progress	6,667,609	16,079,643	22,747,252
Depreciable capital assets, net	31,899,492	75,391,833	107,291,325
Total capital assets, net	38,567,101	91,471,476	130,038,577
Total assets	56,617,192	99,450,178	156,067,370
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	13,155	17,400	30,555
Pension	8,047,443	2,211,742	10,259,185
OPEB	1,333,548	286,816	1,620,364
Total deferred outflows of resources	9,394,146	2,515,958	11,910,104
Liabilities:			
Accounts payable	256,936	90,601	347,537
Contracts payable.	173,577	78,700	252,277
Accrued wages and benefits payable	353,071	125,149	478,220
Due to other governments	248,127	53,154	301,281
Accrued interest payable	33,149	9,923	43,072
Payable from restricted assets - refundable deposits.	-	383,216	383,216
Long-term liabilities:			
Due within one year	1,377,872	3,694,596	5,072,468
Due in more than one year:			
Due in more than one year - net pension liability.	21,749,083	4,136,783	25,885,866
Due in more than one year - net OPEB liability.	1,289,208	92,867	1,382,075
Other amounts due in more than one year.	7,776,303	35,926,926	43,703,229
Total liabilities	33,257,326	44,591,915	77,849,241
Deferred inflows of resources:			
Property taxes levied for the next year	1,031,600	-	1,031,600
Payments in lieu of taxes levied for the next year	37,597	-	37,597
Pension	1,260,989	479,967	1,740,956
OPEB	1,307,504	32,519	1,340,023
Total deferred inflows of resources	3,637,690	512,486	4,150,176
Net position:			
Net investment in capital assets	31,571,924	52,040,995	83,612,919
Restricted for:			
Capital projects	160	-	160
Debt service	760,498	-	760,498
Transportation projects	424,685	-	424,685
Safety projects	208,056	-	208,056
Special projects	513,195	-	513,195
Economic development projects.	1,770,633	-	1,770,633
Health projects.	39,387	-	39,387
Museum trust.	685,081	-	685,081
Other purposes.	332,798	43,978	376,776
Unrestricted (deficit)	(7,190,095)	4,776,762	(2,413,333)
Total net position	\$ 29,116,322	\$ 56,861,735	\$ 85,978,057

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,664,353	\$ 467,485	\$ 34,208	\$ 775,000
Security of persons and property.	9,902,022	1,237,671	567,609	25,178
Public health and welfare.	730,256	78,889	1,072	64,914
Transportation	2,735,624	-	1,249,232	1,860,818
Community environment	1,108,381	116,849	-	-
Leisure time activity	1,542,682	25,578	-	-
Economic development.	177,702	-	35,369	-
Interest and fiscal charges	204,583	-	-	-
Total governmental activities.	<u>21,065,603</u>	<u>1,926,472</u>	<u>1,887,490</u>	<u>2,725,910</u>
Business-type activities:				
Sewer	6,113,560	7,024,242	-	134,018
Water	7,036,202	6,992,542	-	104,419
Other business-type activities:				
Refuse	1,074,419	1,088,392	-	-
Total business-type activities	<u>14,224,181</u>	<u>15,105,176</u>	<u>-</u>	<u>238,437</u>
Total primary government	<u>\$ 35,289,784</u>	<u>\$ 17,031,648</u>	<u>\$ 1,887,490</u>	<u>\$ 2,964,347</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
- Permissive motor vehicle license tax
- Investment earnings
- Change in fair value of investments.
- Miscellaneous

Total general revenues.

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,387,660)	\$ -	\$ (3,387,660)
(8,071,564)	-	(8,071,564)
(585,381)	-	(585,381)
374,426	-	374,426
(991,532)	-	(991,532)
(1,517,104)	-	(1,517,104)
(142,333)	-	(142,333)
(204,583)	-	(204,583)
<u>(14,525,731)</u>	<u>-</u>	<u>(14,525,731)</u>
-	1,044,700	1,044,700
-	60,759	60,759
-	13,973	13,973
-	<u>1,119,432</u>	<u>1,119,432</u>
<u>(14,525,731)</u>	<u>1,119,432</u>	<u>(13,406,299)</u>
9,144,132	-	9,144,132
2,343,089	-	2,343,089
2,304,383	-	2,304,383
650,460	-	650,460
587,959	-	587,959
576,273	-	576,273
82,760	-	82,760
298,543	203,820	502,363
293,018	-	293,018
497,008	140,630	637,638
<u>16,777,625</u>	<u>344,450</u>	<u>17,122,075</u>
<u>(539,838)</u>	<u>539,838</u>	<u>-</u>
<u>16,237,787</u>	<u>884,288</u>	<u>17,122,075</u>
1,712,056	2,003,720	3,715,776
27,404,266	54,858,015	82,262,281
<u>\$ 29,116,322</u>	<u>\$ 56,861,735</u>	<u>\$ 85,978,057</u>

CITY OF DEFIANCE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Police and Fire	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents.	\$ 6,556,083	\$ 228,677	\$ 1,954,483	\$ 3,383,863	\$ 12,123,106
Cash in segregated accounts.	-	4,196	-	653,859	658,055
Receivables (net of allowance for uncollectibles):					
Income taxes	1,402,496	352,208	352,208	5,916	2,112,828
Property and other local taxes	816,840	-	-	325,957	1,142,797
Accounts	150,079	-	-	19,066	169,145
Payments in lieu of taxes (PILOTs).	37,597	-	-	-	37,597
Loans receivable	-	-	-	642,365	642,365
Special assessments	-	-	-	114,076	114,076
Accrued interest	26,871	-	-	5,646	32,517
Due from other governments.	253,950	95,696	-	543,157	892,803
Materials and supplies inventory.	-	-	-	49,493	49,493
Total assets.	<u>\$ 9,243,916</u>	<u>\$ 680,777</u>	<u>\$ 2,306,691</u>	<u>\$ 5,743,398</u>	<u>\$ 17,974,782</u>
Liabilities:					
Accounts payable	\$ 230,318	\$ 17,125	\$ 5,364	\$ 4,129	\$ 256,936
Contracts payable	-	-	173,577	-	173,577
Accrued wages and benefits payable.	132,446	194,705	-	25,920	353,071
Compensated absences payable	9,457	-	-	-	9,457
Due to other governments.	56,878	130,314	-	60,935	248,127
Total liabilities.	<u>429,099</u>	<u>342,144</u>	<u>178,941</u>	<u>90,984</u>	<u>1,041,168</u>
Deferred inflows of resources:					
Property taxes levied for the next year.	806,800	-	-	224,800	1,031,600
Delinquent property tax revenue not available.	10,040	-	-	-	10,040
Accrued interest not available	13,706	-	-	2,903	16,609
Special assessments revenue not available.	-	-	-	114,076	114,076
PILOTs levied for the next year.	37,597	-	-	-	37,597
Income tax revenue not available	505,483	154,870	154,870	2,601	817,824
Intergovernmental revenue not available	150,146	-	-	374,319	524,465
Total deferred inflows of resources	<u>1,523,772</u>	<u>154,870</u>	<u>154,870</u>	<u>718,699</u>	<u>2,552,211</u>
Fund balances:					
Nonspendable	24,347	-	-	49,493	73,840
Restricted	-	183,763	-	4,867,726	5,051,489
Committed.	-	-	1,972,880	16,485	1,989,365
Assigned.	431,100	-	-	11	431,111
Unassigned	6,835,598	-	-	-	6,835,598
Total fund balances.	<u>7,291,045</u>	<u>183,763</u>	<u>1,972,880</u>	<u>4,933,715</u>	<u>14,381,403</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,243,916</u>	<u>\$ 680,777</u>	<u>\$ 2,306,691</u>	<u>\$ 5,743,398</u>	<u>\$ 17,974,782</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, 2023

Total governmental fund balances	\$	14,381,403
<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.		38,567,101
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	\$ 817,824	
Property and other local taxes receivable	10,040	
Special assessments receivable	114,076	
Intergovernmental receivable	524,465	
Accrued interest receivable	16,609	
Total		1,483,014
Prepaid bond insurance is not recorded as an asset in the funds, however, on the statement of net position it is reported as an asset and amortized over the life of the bonds.		6,277
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(33,149)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		13,155
Unamortized premiums on bond issuances are not recognized in the funds.		(91,426)
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	69,032	
Deferred outflows of resources	8,047,443	
Deferred inflows of resources	(1,260,989)	
Net pension liability	(21,749,083)	
Total		(14,893,597)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds		
Deferred outflows of resources	1,333,548	
Deferred inflows of resources	(1,307,504)	
Net OPEB liability	(1,289,208)	
Total		(1,263,164)
Long-term liabilities, including bonds payable, loans payable, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(4,800,000)	
Land acquisition bonds payable	(1,421,452)	
OWDA loans payable	(1,165,590)	
Leases payable	(359,558)	
Financed purchase agreement obligations payable	(418,181)	
Compensated absences payable	(888,511)	
Total		(9,053,292)
Net position of governmental activities	\$	29,116,322

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, 2023

	<u>General</u>	<u>Police and Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Income taxes.	\$ 8,852,129	\$ 2,221,231	\$ 2,221,231	\$ 37,310	\$ 13,331,901
Property and other local taxes.	651,960	-	-	670,719	1,322,679
Charges for services.	943,178	-	-	-	943,178
Licenses, permits and fees.	103,822	-	-	145,139	248,961
Fines and forfeitures.	321,724	-	-	267,132	588,856
Intergovernmental.	553,435	349,308	976,525	3,220,472	5,099,740
Special assessments.	-	-	-	103,565	103,565
Investment income.	291,504	-	-	44,968	336,472
Rental income.	21,275	-	-	-	21,275
Donations.	4,876	-	31,000	26,487	62,363
Change in fair value of investments.	265,335	-	-	27,683	293,018
Other.	302,387	1,883	15,000	85,629	404,899
Total revenues.	<u>12,311,625</u>	<u>2,572,422</u>	<u>3,243,756</u>	<u>4,629,104</u>	<u>22,756,907</u>
Expenditures:					
Current:					
General government.	3,503,369	-	-	652,560	4,155,929
Security of persons and property.	-	7,400,585	-	1,417,749	8,818,334
Public health and welfare.	542,591	-	-	-	542,591
Transportation.	-	-	-	1,154,464	1,154,464
Community environment.	774,797	-	-	-	774,797
Leisure time activity.	1,091,202	-	-	-	1,091,202
Economic development.	142,307	-	-	35,395	177,702
Capital outlay.	71,544	-	4,452,417	1,832,367	6,356,328
Debt service:					
Principal retirement.	32,466	17,783	346,034	729,884	1,126,167
Interest and fiscal charges.	4,645	2,890	108,401	94,277	210,213
Total expenditures.	<u>6,162,921</u>	<u>7,421,258</u>	<u>4,906,852</u>	<u>5,916,696</u>	<u>24,407,727</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>6,148,704</u>	<u>(4,848,836)</u>	<u>(1,663,096)</u>	<u>(1,287,592)</u>	<u>(1,650,820)</u>
Other financing sources (uses):					
Sale of capital assets.	77,120	-	-	-	77,120
Lease transaction.	108,655	-	259,305	-	367,960
Transfers in.	-	4,926,000	-	1,151,596	6,077,596
Transfers (out).	(6,012,107)	-	-	(50,000)	(6,062,107)
Total other financing sources (uses).	<u>(5,826,332)</u>	<u>4,926,000</u>	<u>259,305</u>	<u>1,101,596</u>	<u>460,569</u>
Net change in fund balances.	322,372	77,164	(1,403,791)	(185,996)	(1,190,251)
Fund balances at beginning of year.	<u>6,968,673</u>	<u>106,599</u>	<u>3,376,671</u>	<u>5,119,711</u>	<u>15,571,654</u>
Fund balances at end of year.	<u>\$ 7,291,045</u>	<u>\$ 183,763</u>	<u>\$ 1,972,880</u>	<u>\$ 4,933,715</u>	<u>\$ 14,381,403</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, 2023

Net change in fund balances - total governmental funds	\$	(1,190,251)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 5,433,523	
Current year depreciation	(2,280,105)	
Total		3,153,418
The net effect of various transactions involving capital assets is to decrease net position.		
		(53,849)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income tax revenue	459,703	
Property and other local tax revenue	(1,500)	
Special assessments revenue	(241)	
Intergovernmental revenue	16,833	
Investment income	8,675	
Total		483,470
Lease transactions are reported as other financing sources in the governmental funds; however, in the statement of activities they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(367,960)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,126,167
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 a change in interest being reported in the statement of activities.		
Change in accrued interest payable	(1,246)	
Amortization of prepaid bond insurance	(824)	
Amortization of deferred amounts on refunding	(1,660)	
Amortization of bond premium	9,360	
Total		5,630
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,493,030	
OPEB	32,886	
Total		1,525,916
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,119,462)	
OPEB	129,130	
Total		(2,990,332)
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.		
		19,847
Change in net position of governmental activities	\$	<u>1,712,056</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 8,738,662	\$ 8,739,700	\$ 8,896,045	\$ 156,345
Property and other local taxes	649,023	649,100	651,960	2,860
Charges for services	882,245	882,350	937,364	55,014
Licenses, permits and fees	111,937	111,950	103,822	(8,128)
Fines and forfeitures	331,061	331,100	322,421	(8,679)
Intergovernmental	543,831	543,896	559,254	15,358
Investment income	92,989	93,000	278,086	185,086
Rental income	5,999	6,000	6,350	350
Donations	-	-	4,876	4,876
Other	169,690	169,710	305,077	135,367
Total revenues	<u>11,525,437</u>	<u>11,526,806</u>	<u>12,065,255</u>	<u>538,449</u>
Expenditures:				
Current:				
General government	4,259,435	4,329,439	4,180,755	148,684
Public health and welfare	583,826	593,421	542,684	50,737
Community environment	1,152,260	1,171,197	1,101,769	69,428
Leisure time activity	1,235,307	1,255,609	1,115,300	140,309
Economic development	213,895	217,410	186,750	30,660
Total expenditures	<u>7,444,723</u>	<u>7,567,076</u>	<u>7,127,258</u>	<u>439,818</u>
Excess of revenues over expenditures	<u>4,080,714</u>	<u>3,959,730</u>	<u>4,937,997</u>	<u>978,267</u>
Other financing sources (uses):				
Sale of capital assets	39,995	40,000	77,120	37,120
Transfers in	1,063,674	1,063,800	1,063,800	-
Transfers (out)	(5,941,463)	(6,039,110)	(6,012,107)	27,003
Total other financing sources (uses)	<u>(4,837,794)</u>	<u>(4,935,310)</u>	<u>(4,871,187)</u>	<u>64,123</u>
Net change in fund balance	(757,080)	(975,580)	66,810	1,042,390
Fund balance at beginning of year	6,153,240	6,153,240	6,153,240	-
Prior year encumbrances appropriated	211,745	211,745	211,745	-
Fund balance at end of year	<u>\$ 5,607,905</u>	<u>\$ 5,389,405</u>	<u>\$ 6,431,795</u>	<u>\$ 1,042,390</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 POLICE AND FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 2,193,500	\$ 2,260,671	\$ 2,234,064	\$ (26,607)
Intergovernmental	288,970	297,819	253,611	(44,208)
Other	-	-	1,695	1,695
Total revenues	<u>2,482,470</u>	<u>2,558,490</u>	<u>2,489,370</u>	<u>(69,120)</u>
Expenditures:				
Current:				
Security of persons and property	<u>7,374,928</u>	<u>7,607,428</u>	<u>7,428,621</u>	<u>178,807</u>
Total expenditures	<u>7,374,928</u>	<u>7,607,428</u>	<u>7,428,621</u>	<u>178,807</u>
Excess of expenditures over revenues	<u>(4,892,458)</u>	<u>(5,048,938)</u>	<u>(4,939,251)</u>	<u>109,687</u>
Other financing sources:				
Transfers in	<u>4,767,000</u>	<u>4,912,978</u>	<u>4,926,000</u>	<u>13,022</u>
Total other financing sources	<u>4,767,000</u>	<u>4,912,978</u>	<u>4,926,000</u>	<u>13,022</u>
Net change in fund balance.	(125,458)	(135,960)	(13,251)	122,709
Fund balance at beginning of year.	169,682	169,682	169,682	-
Prior year encumbrances appropriated.	29,703	29,703	29,703	-
Fund balance at end of year	<u>\$ 73,927</u>	<u>\$ 63,425</u>	<u>\$ 186,134</u>	<u>\$ 122,709</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 3,608,801	\$ 2,995,802	\$ 169,435	\$ 6,774,038
Receivables (net of allowance for uncollectibles):				
Accounts	278,139	192,703	27,795	498,637
Accrued interest	14,320	11,863	-	26,183
Payments in lieu of taxes - current	55,256	-	-	55,256
Materials and supplies inventory.	55,283	112,058	-	167,341
Prepayments.	2,082	3,607	-	5,689
Total current assets.	4,013,881	3,316,033	197,230	7,527,144
Noncurrent assets:				
Restricted equity in pooled cash and cash equivalents	-	-	383,216	383,216
Restricted cash in segregated accounts	-	-	79,620	79,620
Net pension asset	20,020	23,958	-	43,978
Capital assets:				
Land and construction in progress.	761,589	15,318,054	-	16,079,643
Depreciable/amortized capital assets, net.	51,453,133	23,938,700	-	75,391,833
Total capital assets, net	52,214,722	39,256,754	-	91,471,476
Total noncurrent assets	52,234,742	39,280,712	462,836	91,978,290
Total assets	56,248,623	42,596,745	660,066	99,505,434
Deferred outflows of resources:				
Unamortized deferred charges on refunding.	8,180	9,220	-	17,400
Pension.	1,261,252	950,490	-	2,211,742
OPEB.	132,718	154,098	-	286,816
Total deferred outflows of resources	1,402,150	1,113,808	-	2,515,958

CITY OF DEFIANCE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities:				
Current liabilities:				
Accounts payable	\$ 64,761	\$ 25,840	\$ -	\$ 90,601
Contracts payable	8,180	70,520	-	78,700
Accrued wages and benefits payable	54,891	70,258	-	125,149
Due to other governments	22,652	30,502	-	53,154
Accrued interest payable.	5,068	4,855	-	9,923
Payable from restricted assets:				
Refundable deposits	-	-	383,216	383,216
Compensated absences payable - current	65,781	91,800	-	157,581
General obligation bonds payable - current.	462,000	300,000	-	762,000
OWDA loans payable - current	1,860,146	745,165	-	2,605,311
OPWC loans payable - current.	-	123,404	-	123,404
Capital lease obligations payable - current.	5,017	41,283	-	46,300
Total current liabilities.	<u>2,548,496</u>	<u>1,503,627</u>	<u>383,216</u>	<u>4,435,339</u>
Long-term liabilities:				
Compensated absences payable	32,038	62,722	-	94,760
General obligation bonds payable	2,164,770	3,194,383	-	5,359,153
OWDA loans payable	16,155,034	12,566,071	-	28,721,105
OPWC loans payable.	-	1,665,947	-	1,665,947
Capital lease obligations payable	15,953	70,008	-	85,961
Net OPEB liability	42,275	50,592	-	92,867
Net pension liability	1,883,154	2,253,629	-	4,136,783
Total noncurrent liabilities	<u>20,293,224</u>	<u>19,863,352</u>	<u>-</u>	<u>40,156,576</u>
Total liabilities	<u>22,841,720</u>	<u>21,366,979</u>	<u>383,216</u>	<u>44,591,915</u>
Deferred inflows of resources:				
Pension.	2,713	477,254	-	479,967
OPEB.	13,943	18,576	-	32,519
PILOTs levied for next year.	55,256	-	-	55,256
Total deferred inflows of resources	<u>71,912</u>	<u>495,830</u>	<u>-</u>	<u>567,742</u>
Net position:				
Net investment in capital assets	31,553,157	20,487,838	-	52,040,995
Restricted for other purposes.	20,020	23,958	-	43,978
Unrestricted	<u>3,163,964</u>	<u>1,335,948</u>	<u>276,850</u>	<u>4,776,762</u>
Total net position	<u>\$ 34,737,141</u>	<u>\$ 21,847,744</u>	<u>\$ 276,850</u>	<u>\$ 56,861,735</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, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating revenues:				
Charges for services	\$ 7,024,242	\$ 6,931,281	\$ 1,088,392	\$ 15,043,915
Tap-in fees	-	61,261	-	61,261
Other	63,170	45,030	-	108,200
Total operating revenues	7,087,412	7,037,572	1,088,392	15,213,376
Operating expenses:				
Personal services	2,206,783	2,864,777	-	5,071,560
Contract services	666,508	565,388	-	1,231,896
Materials and supplies	482,852	1,959,892	-	2,442,744
Administrative costs	119,198	29,183	-	148,381
Utilities	340,584	299,606	1,074,419	1,714,609
Depreciation/amortization.	1,819,451	1,051,107	-	2,870,558
Other.	-	3,462	-	3,462
Total operating expenses	5,635,376	6,773,415	1,074,419	13,483,210
Operating income	1,452,036	264,157	13,973	1,730,166
Nonoperating revenues (expenses):				
Interest revenue	109,408	94,412	-	203,820
Gain (loss) on disposal of capital assets	(19,117)	17,600	-	(1,517)
Interest and fiscal charges	(459,067)	(280,387)	-	(739,454)
Payments in lieu of taxes.	3,510	28,920	-	32,430
Total nonoperating revenues (expenses)	(365,266)	(139,455)	-	(504,721)
Income before transfers and contributions.	1,086,770	124,702	13,973	1,225,445
Transfers (out).	(15,489)	-	-	(15,489)
Capital contributions	134,018	659,746	-	793,764
Change in net position.	1,205,299	784,448	13,973	2,003,720
Net position at beginning of year	33,531,842	21,063,296	262,877	54,858,015
Net position at end of year.	\$ 34,737,141	\$ 21,847,744	\$ 276,850	\$ 56,861,735

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, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities:				
Cash received from charges for services	\$ 6,992,019	\$ 6,964,118	\$ 1,084,085	\$ 15,040,222
Cash received from tap-in fees	-	61,261	-	61,261
Cash received from other operations	63,170	45,030	-	108,200
Cash payments for personal services	(2,348,355)	(2,574,886)	-	(4,923,241)
Cash payments for contractual services	(662,250)	(513,417)	-	(1,175,667)
Cash payments for administrative costs	(75,202)	(14,907)	-	(90,109)
Cash payments for materials and supplies	(505,235)	(2,032,322)	-	(2,537,557)
Cash payments for utilities	(347,179)	(353,992)	(1,074,419)	(1,775,590)
Cash payments for other operations	-	(3,462)	-	(3,462)
Net cash provided by operating activities	<u>3,116,968</u>	<u>1,577,423</u>	<u>9,666</u>	<u>4,704,057</u>
Cash flows from noncapital financing activities:				
Cash payments for transfers out	(15,489)	-	-	(15,489)
Net cash used in noncapital financing activities	<u>(15,489)</u>	<u>-</u>	<u>-</u>	<u>(15,489)</u>
Cash flows from capital and related financing activities:				
Cash received from payments in lieu of taxes	3,510	28,920	-	32,430
Cash received from sale of capital assets	1,436	17,600	-	19,036
Cash payments for the acquisition of capital assets	(445,961)	(1,526,094)	-	(1,972,055)
Cash received from issuance of loans	-	10,000	-	10,000
Cash payments for principal retirement	(2,587,847)	(1,635,101)	-	(4,222,948)
Cash payments for interest and fiscal charges	(480,319)	(304,880)	-	(785,199)
Cash received from capital contributions	134,018	104,419	-	238,437
Net cash used in capital and related financing activities	<u>(3,375,163)</u>	<u>(3,305,136)</u>	<u>-</u>	<u>(6,680,299)</u>
Cash flows from investing activities:				
Cash received from interest earned	103,980	93,459	-	197,439
Net cash provided by investing activities	<u>103,980</u>	<u>93,459</u>	<u>-</u>	<u>197,439</u>
Net increase (decrease) in cash and cash equivalents	(169,704)	(1,634,254)	9,666	(1,794,292)
Cash and cash equivalents at beginning of year	<u>3,778,505</u>	<u>4,630,056</u>	<u>622,605</u>	<u>9,031,166</u>
Cash and cash equivalents at end of year	<u>\$ 3,608,801</u>	<u>\$ 2,995,802</u>	<u>\$ 632,271</u>	<u>\$ 7,236,874</u>

CITY OF DEFIANCE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,452,036	\$ 264,157	\$ 13,973	\$ 1,730,166
Adjustments:				
Depreciation/amortization.	1,819,451	1,051,107	-	2,870,558
Changes in assets and liabilities:				
Change in accounts receivable.	(32,223)	32,837	248	862
Change in materials and supplies inventory.	(25,661)	(16,386)	-	(42,047)
Change in net pension asset.	(11,106)	36,714	-	25,608
Change in net OPEB asset.	59,202	402,944	-	462,146
Change in deferred outflows - pension	(1,180,690)	(231,932)	-	(1,412,622)
Change in deferred outflows - OPEB.	(130,489)	21,226	-	(109,263)
Change in accounts payable	45,878	(47,723)	-	(1,845)
Change in accrued wages and benefits	6,926	11,370	-	18,296
Change in compensated absences payable.	2,154	25,480	-	27,634
Change in due to other governments	905	6,674	-	7,579
Change in utility deposits payable.	-	-	(4,555)	(4,555)
Change in net pension liability.	1,727,456	1,193,902	-	2,921,358
Change in net OPEB liability.	42,275	50,592	-	92,867
Change in deferred inflows - pension.	(429,421)	(825,792)	-	(1,255,213)
Change in deferred inflows - OPEB.	(229,725)	(397,747)	-	(627,472)
Net cash provided by operating activities	<u>\$ 3,116,968</u>	<u>\$ 1,577,423</u>	<u>\$ 9,666</u>	<u>\$ 4,704,057</u>

Non-cash transactions:

At December 31, 2023, the sewer fund purchased \$8,180 in capital assets on account.
 At December 31, 2023, the water fund purchased \$70,520 in capital assets on account.
 During 2023, the water fund received \$555,327 in capital contributions from governmental funds.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2023

	<u>Custodial</u>
Assets:	
Cash in segregated accounts	\$ 22,207
Total assets.	<u>\$ 22,207</u>
Liabilities:	
Due to other governments	\$ 22,207
Total liabilities.	<u>\$ 22,207</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DEFIANCE, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Custodial</u>
Additions:	
Fines and forfeitures collected for other governments .	\$ 1,126,490
Total additions	<u>1,126,490</u>
Deductions:	
Fines and forfeitures distributed to other governments .	1,126,490
Total deductions.	<u>1,126,490</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

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

The City provides resources to the Executive Council based on a membership fee and services provided to the City. The MVPO exercises total control over the operation of the MVPO including budgeting, contracting, and designating management. The City has no ongoing financial interest or responsibility for the MVPO. In 2023, the City contributed \$82,258 for the MVPO’s operations. Information can be obtained from Brett J. Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

JOINT VENTURES WITHOUT EQUITY INTEREST

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

The main source of revenue for the MANTF is from federal grants and local matching shares from the entities. The City has no ongoing financial responsibility to the MANTF. The City has indirect access to the net resources of the MANTF since the City is able to influence the MANTF to use its surplus resources to undertake projects of interest to the City's residents. This access to the net resources of the Governing Board has not been explicitly defined, nor is it currently measurable. In 2023, the City contributed \$25,000 for the MANTF's operations. Financial statements for the MANTF can be obtained through the Defiance County Sheriff's Office located at 113 Biede Street, Defiance, Ohio 43512.

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

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

RELATED ORGANIZATION

Defiance Public Library (Library) - The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by City Council. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Defiance Public Library, Nancy Roehrig, Chief Fiscal Officer, 320 Fort Street, Defiance, Ohio 43512.

B. Basis of Presentation - Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

C. Fund Accounting

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

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

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

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

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

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

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position, and cash flows. Enterprise funds are the City's only type of proprietary fund.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

E. Basis of Accounting

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability/asset and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability/asset and net OPEB liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

F. Budgetary Data

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

G. Health Care

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

H. Cash and Investments

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

During 2023, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit, municipal bonds, commercial paper, a U.S. Government money market mutual fund, U.S. Treasury notes, and federal agency securities. Except for investments in STAR Ohio, investments are reported at fair value.

During 2023, 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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue earned and credited to the general fund during 2023 amounted to \$291,504, which included \$130,044 assigned from other funds of the City.

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

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

I. Restricted Assets

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

J. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

K. Capital Assets

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Improvements other than buildings	15 - 30 years	N/A
Land improvements	N/A	15 - 20 years
Buildings and improvements	15 - 45 years	15 - 50 years
Equipment	10 - 20 years	10 - 30 years
Infrastructure	30 years	30 - 50 years
Vehicles	6 - 15 years	6 - 15 years
Intangible right to use - leased equipment	5 - 10 years	5 - 10 years
Intangible right to use - leased vehicles	5 - 6 years	5 - 6 years

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

L. Compensated Absences

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

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

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

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, and claims and judgements that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, and capital lease obligations are recognized as liabilities on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

N. Interfund Activity

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

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

O. Fund Balance

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

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

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

P. Contributions of Capital

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

During 2023, the sewer and water funds received \$134,018 and \$104,419, respectively, in capital contributions in the form of grants restricted to capital acquisition and construction. The water fund received \$555,327 in capital contributions from governmental funds.

Q. Estimates

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

R. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists of resources restricted to transportation, cable television franchise fees, pensions, 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 2023.

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 11.

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

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

U. Pensions/Other Postemployment Benefits (OPEB)

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

V. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the City has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 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, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the City.

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

B. Compliance

Contrary to Ohio law, appropriations exceeded the amount certified as available by the budget commission in the Capital Improvement Fund in the amount of \$373,286.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

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

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

A. Cash on Hand

At December 31, 2023, 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, 2023, the City had \$759,882 in cash in segregated accounts held for a museum trust, an environmental trust, police property, and municipal court operations. This amount is not included in "Deposits with Financial Institutions" below.

C. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all City deposits was \$8,397,855, and the bank balance was \$9,112,908. Of the bank balance, \$4,858,064 was covered by FDIC, and \$4,254,844 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS).

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

At December 31, 2023, the City had the following investments and maturities:

Measurement\ Investment Type	Measurement Value	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
<i>Amortized cost:</i>						
STAR Ohio	\$ 105,513	\$ 105,513	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
FAMC	245,188	-	-	-	-	245,188
FHLMC	557,279	-	-	-	466,612	90,667
FNMA	429,088	-	243,630	-	185,458	-
FFCB	3,349,397	-	1,037,214	237,203	229,604	1,845,376
FHLB	1,104,125	273,542	-	156,027	443,918	230,638
Negotiable CDs	1,567,604	243,946	730,239	-	-	593,419
Commercial paper	244,295	244,295	-	-	-	-
Municipal bonds	174,220	-	-	-	-	174,220
U.S. Treasury notes	3,075,830	-	170,665	-	-	2,905,165
U.S. Government money market	27,716	27,716	-	-	-	-
Total	\$ 10,880,255	\$ 895,012	\$ 2,181,748	\$ 393,230	\$ 1,325,592	\$ 6,084,673

The weighted average maturity of investments is 2.43 years.

The City's investment in a U.S. Government money market and U.S. Treasury notes are valued using quoted prices in active markets (Level 1 inputs). The City's investments in federal agency securities, municipal bonds, commercial paper and negotiable certificates of deposit are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy addresses interest rate risk by requiring the City's investment portfolio be structured so that securities meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities in the open market prior to maturity, and by investing operating funds primarily in short-term investments. State statute limits investments in commercial paper to a maximum of 270 days from the date of purchase.

Credit Risk: STAR Ohio and the money market mutual fund both carry an AAAM rating by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of the purchase by at least one nationally recognized standard rating service. The City's investments in federal agency securities, municipal bonds, and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in commercial paper were rated A-1 or A-1+ by Standard & Poor's. The City's investments in negotiable certificates of deposit are fully insured by the FDIC. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The percentage of each investment type held by the City at December 31, 2023 follows:

<u>Measurement\ Investment Type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 105,513	0.97%
<i>Fair value:</i>		
FAMC	245,188	2.25%
FHLMC	557,279	5.12%
FNMA	429,088	3.94%
FFCB	3,349,397	30.79%
FHLB	1,104,125	10.15%
Negotiable CDs	1,567,604	14.41%
Commercial paper	244,295	2.25%
Municipal bonds	174,220	1.60%
U.S. Treasury notes	3,075,830	28.27%
U.S. Government money market	<u>27,716</u>	<u>0.25%</u>
Total	<u>\$ 10,880,255</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position at December 31, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 8,397,855
Investments	10,880,255
Cash in segregated accounts	759,882
Cash on hand	<u>2,250</u>
Total	<u>\$ 20,040,242</u>
<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 12,781,161
Business-type activities	7,236,874
Custodial fund	<u>22,207</u>
Total	<u>\$ 20,040,242</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - INTERFUND TRANSACTIONS

During 2023, interfund transfers consisted of the following, as reported in the fund financial statements:

Transfers from the general fund to:

Police and fire fund	\$ 4,926,000
Nonmajor governmental funds	1,086,107

Transfer from nonmajor governmental fund to:

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

Nonmajor governmental fund	<u>15,489</u>
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Total transfers	<u>\$ 6,077,596</u>
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Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the funds making debt service payments as the payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 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, 2023 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 2023 operations, and the delinquent portion, since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is unavailable.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2023 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 226,398,610
Commercial/industrial/mineral	93,078,310
<u>Public utility</u>	
Real	73,570
Personal	30,845,280
Total assessed value	<u>\$ 350,395,770</u>

NOTE 7 - LOCAL INCOME TAX

The locally levied income tax rate of 1.5 percent was increased to 1.8 percent effective January 1, 2014, and is applied to gross salaries, wages, and other personal service compensation earned by residents both within and outside of the City, and to earnings of nonresidents (except certain transients) earned within the City. It also applies to net income of for-profit organizations conducting business within the City. Income tax revenues are reported to the extent that they are measurable and available to finance current operations at December 31, 2023. Income tax revenue for 2023 was \$13,331,901 on the modified accrual basis of accounting.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2023 consisted of income taxes, property and other local taxes, payments in lieu of 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, 2023.

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

<u>Governmental activities:</u>	
Income taxes	\$2,112,828
Property and other local taxes	1,142,797
Accounts	169,145
Loans receivable	642,365
Special assessments	114,076
Accrued interest	32,517
Due from other governments	892,803
Payments in lieu of taxes	37,597
<u>Business-type activities:</u>	
Accounts	498,637
Accrued interest	26,183

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, 2023

NOTE 9 - CAPITAL ASSETS

The following activity occurred in the City's governmental activities capital assets during 2023:

	<u>Balance</u>		<u>Balance</u>
<u>Governmental activities:</u>	<u>1/1/2023</u>	<u>Additions</u>	<u>Disposals</u>
			<u>12/31/2023</u>
<i>Capital assets, not being depreciated/amortized:</i>			
Land	\$ 2,042,449	\$ -	\$ -
Construction in progress	<u>4,567,860</u>	<u>4,487,222</u>	<u>(4,429,922)</u>
<i>Total capital assets, not being depreciated/amortized</i>	<u>6,610,309</u>	<u>4,487,222</u>	<u>(4,429,922)</u>
<i>Capital assets, being depreciated/amortized:</i>			
Buildings and improvements	11,580,662	958,118	-
Improvements other than buildings	4,837,369	423,776	-
Equipment	4,122,743	334,389	(147,988)
Vehicles	3,867,969	176,095	(148,384)
Infrastructure	33,527,662	3,115,885	-
Intangible right to use:			
Leased equipment	564,729	-	-
Leased vehicles	<u>342,223</u>	<u>367,960</u>	<u>-</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>58,843,357</u>	<u>5,376,223</u>	<u>(296,372)</u>
<i>Less: accumulated depreciation/amortization:</i>			
Buildings and improvements	(6,237,149)	(333,354)	-
Improvements other than buildings	(2,046,543)	(206,238)	-
Equipment	(2,603,198)	(264,961)	118,999
Vehicles	(2,491,848)	(289,952)	123,524
Infrastructure	(16,348,400)	(986,073)	-
Intangible right to use:			
Leased equipment	(206,097)	(99,902)	-
Leased vehicles	<u>(52,899)</u>	<u>(99,625)</u>	<u>-</u>
<i>Total accumulated depreciation/amortization</i>	<u>(29,986,134)</u>	<u>(2,280,105)</u>	<u>242,523</u>
Total capital assets, net	<u>\$ 35,467,532</u>	<u>\$ 7,583,340</u>	<u>\$ (4,483,771)</u>

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

<u>Governmental activities:</u>	
General government	\$ 308,451
Security of persons and property	328,721
Public health and welfare	123,864
Transportation	1,098,463
Community environment	164,290
Leisure time activity	<u>256,316</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,280,105</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - CAPITAL ASSETS - (Continued)

The following activity occurred in the City’s business-type activities capital assets during 2023:

<u>Business-type activities:</u>	<u>Balance</u> 1/1/2023	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 12/31/2023
<i>Capital assets, not being depreciated:</i>				
Land	\$ 662,207	\$ -	\$ -	\$ 662,207
Construction in progress	<u>13,443,048</u>	<u>1,974,388</u>	<u>-</u>	<u>15,417,436</u>
<i>Total capital assets, not being depreciated</i>	<u>14,105,255</u>	<u>1,974,388</u>	<u>-</u>	<u>16,079,643</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,157,499	-	-	1,157,499
Buildings and improvements	30,701,147	-	-	30,701,147
Equipment	7,163,570	306,869	(106,827)	7,363,612
Vehicles	1,126,590	247,168	(101,349)	1,272,409
Infrastructure	86,411,912	66,658	-	86,478,570
Intangible right to use:				
Leased vehicles	<u>258,488</u>	<u>-</u>	<u>-</u>	<u>258,488</u>
<i>Total capital assets, being depreciated</i>	<u>126,819,206</u>	<u>620,695</u>	<u>(208,176)</u>	<u>127,231,725</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(941,066)	(30,343)	-	(971,409)
Buildings and improvements	(18,592,962)	(669,621)	-	(19,262,583)
Equipment	(3,946,625)	(421,410)	88,714	(4,279,321)
Vehicles	(734,420)	(123,710)	98,909	(759,221)
Infrastructure	(24,892,126)	(1,579,090)	-	(26,471,216)
Intangible right to use:				
Leased vehicles	<u>(49,758)</u>	<u>(46,384)</u>	<u>-</u>	<u>(96,142)</u>
<i>Total accumulated depreciation</i>	<u>(49,156,957)</u>	<u>(2,870,558)</u>	<u>187,623</u>	<u>(51,839,892)</u>
Total capital assets, net	<u>\$ 91,767,504</u>	<u>\$ (275,475)</u>	<u>\$ (20,553)</u>	<u>\$ 91,471,476</u>

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

<u>Business-type activities:</u>	
Sewer	\$ 1,819,451
Water	<u>1,051,107</u>
Total depreciation expense - business-type activities	<u>\$ 2,870,558</u>

NOTE 10 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation Leave

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$597,287 at December 31, 2023. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - OTHER EMPLOYEE BENEFITS – (Continued)

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service. Upon retirement, an employee is paid a percentage of his accumulated sick leave within various limits. The total obligation for sick leave for the City as a whole amounted to \$553,022 at December 31, 2023. Amounts are recorded as a fund liability and/or on the government-wide financial statements, as applicable.

NOTE 11 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2023, the following changes occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Amount Due in One Year
General obligation bonds:					
Series 2018 Bonds - Ambulance - 2.86%	\$ 43,000	\$ -	\$ (43,000)	\$ -	\$ -
Series 2018 Bonds - S. Clinton St. - 2.86%	54,000	-	(54,000)	-	-
Series 2018 Bonds - Splash Pad - 2.86%	194,000	-	(194,000)	-	-
Series 2020 Bonds - Various Purpose - 1.00-2.00%	820,000	-	(95,000)	725,000	100,000
Series 2020 Bonds - Refunding - 1.00-2.00%	2,130,000	-	(225,000)	1,905,000	225,000
Series 2022 Bonds - Commerce Drive - 3.00-7.00%	1,285,000	-	(5,000)	1,280,000	45,000
Series 2022 Bonds - Ottawa Corridor - 3.00-7.00%	895,000	-	(5,000)	890,000	30,000
Total general obligation bonds	<u>5,421,000</u>	<u>-</u>	<u>(621,000)</u>	<u>4,800,000</u>	<u>400,000</u>
Land acquisition bonds - 2.75% - direct borrowing	1,543,523	-	(122,071)	1,421,452	125,429
OWDA loan - 0% - direct borrowing	1,282,149	-	(116,559)	1,165,590	116,559
Financing purchase agreement obligations payable	319,610	259,305	(160,734)	418,181	166,247
Leases payable	356,706	108,655	(105,803)	359,558	120,474
Net pension liability	11,754,578	9,994,505	-	21,749,083	-
Net OPEB liability	1,737,783	145,772	(594,347)	1,289,208	-
Compensated absences	934,929	453,957	(490,918)	897,968	449,163
Total	<u>\$ 23,350,278</u>	<u>\$ 10,962,194</u>	<u>\$ (2,211,432)</u>	32,101,040	<u>\$ 1,377,872</u>
Add: unamortized bond premium				<u>91,426</u>	
Total on statement of net position				<u>\$ 32,192,466</u>	

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds:

Series 2018 general obligation bonds - On September 5, 2018, the City issued various purpose general obligation bonds (series 2018 bonds). These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds were issued to provide resources to retire the 2017 bond anticipation notes and to provide additional funds for an ambulance and splash pad construction. The bonds have an annual interest rate of 2.86% and matured on December 1, 2023. Principal and interest payments on the general obligation bonds were made from the capital improvement fund, the splash pad trust fund (a nonmajor governmental fund), and the permissive tax fund (a nonmajor governmental fund). There is no future obligation outstanding related to this debt.

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

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

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

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

Series 2022 general obligation bonds - On December 15, 2022, the City issued various purpose general obligation bonds, par value \$2,180,000 (series 2022 bonds). These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds were issued to provide resources for the Commerce Drive Extension and improvements at the Ottawa Corridor. The bonds have interest rates ranging from 3.00% to 7.00% and are scheduled to mature on December 1, 2042. Principal and interest payments on the general obligation bonds will be made from the capital improvement fund.

Land Acquisition Bonds

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loan

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

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

Leases Payable

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

Financed Purchase Agreement Obligations

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

Compensated Absences

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

Net Pension Liability and Net OPEB Liability

The net pension liability and net OPEB liability is described in Notes 13 and 14. These liabilities will be primarily paid out of the general fund, police pension fund, and the fire pension fund.

Future Debt Service Requirements

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

Year Ending	General Obligation Bonds			Direct Borrowing
	Principal	Interest	Total	OWDA Loan Principal
2024	\$ 400,000	\$ 121,087	\$ 521,087	\$ 116,559
2025	415,000	110,087	525,087	116,559
2026	425,000	98,587	523,587	116,559
2027	430,000	90,087	520,087	116,559
2028	440,000	81,287	521,287	116,559
2029 - 2033	1,470,000	311,674	1,781,674	582,795
2034 - 2038	630,000	193,064	823,064	-
2039 - 2042	590,000	60,602	650,602	-
Total	<u>\$ 4,800,000</u>	<u>\$ 1,066,475</u>	<u>\$ 5,866,475</u>	<u>\$ 1,165,590</u>

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Direct Borrowing			
Land Acquisition Bonds			
Year Ending	Principal	Interest	Total
2024	\$ 125,429	\$ 39,090	\$ 164,519
2025	128,878	35,640	164,518
2026	132,422	32,096	164,518
2027	136,064	28,455	164,519
2028	139,805	24,714	164,519
2029 - 2033	758,854	63,736	822,590
Total	\$ 1,421,452	\$ 223,731	\$ 1,645,183

Leases Payable			
Year Ending	Principal	Interest	Total
2024	\$ 120,474	\$ 10,380	\$ 130,854
2025	126,675	6,914	133,589
2026	61,047	2,492	63,539
2027	40,798	896	41,694
2028	10,564	132	10,696
Total	\$ 359,558	\$ 20,814	\$ 380,372

Financed Purchase Agreement Obligations			
Year Ending	Principal	Interest	Total
2024	\$ 166,247	\$ 15,302	\$ 181,549
2025	96,943	7,950	104,893
2026	100,051	4,841	104,892
2027	54,940	1,632	56,572
Total	\$ 418,181	\$ 29,725	\$ 447,906

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, 2023, the City's voted debt margin was \$31,216,526 and the unvoted debt margin was \$19,271,767.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities Long-Term Obligations

During 2023, the following changes occurred in business-type activities long-term obligations:

<u>Business-type activities:</u>	Interest Rate	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Amount Due in One Year
<u>General obligation bonds:</u>						
Waterworks - Series 2016 Refunding:						
Current interest bonds	0.75-2.23%	\$ 515,000	\$ -	\$ (515,000)	\$ -	\$ -
Sewer - Series 2016B Improvement	3.00%	355,000	-	(355,000)	-	-
Sewer - Series 2018 CSO	2.86%	2,029,000	-	(311,000)	1,718,000	322,000
Sewer - Water Meter Sewer Portion 2020 Refunding	1.00-2.00%	687,500	-	(92,500)	595,000	95,000
Water - Maumee River Waterline 2022	3.00-7.00%	1,900,000	-	(5,000)	1,895,000	65,000
Water - Water Meter Water Portion 2020 Refunding	1.00-2.00%	687,500	-	(92,500)	595,000	95,000
Water - Water Utility 2020 Refunding	1.00-2.00%	460,000	-	(60,000)	400,000	65,000
Sewer - Sewer Utility 2020 Refunding	1.00-2.00%	335,000	-	(45,000)	290,000	45,000
Water - Various Purpose 2020	1.00-2.00%	605,000	-	(70,000)	535,000	75,000
Total general obligation bonds		<u>7,574,000</u>	<u>-</u>	<u>(1,546,000)</u>	<u>6,028,000</u>	<u>762,000</u>
<u>Other long-term obligations:</u>						
OWDA loans	0.00-4.14%	33,825,946	10,000	(2,509,530)	31,326,416	2,605,311
OPWC loan	0.00%	1,912,754	-	(123,403)	1,789,351	123,404
Leases payable		176,276	-	(44,015)	132,261	46,300
Net pension liability		1,215,425	2,921,358	-	4,136,783	-
Net OPEB liability		-	92,867	-	92,867	-
Compensated absences		<u>224,707</u>	<u>187,304</u>	<u>(159,670)</u>	<u>252,341</u>	<u>157,581</u>
Total other long-term obligations		<u>37,355,108</u>	<u>3,211,529</u>	<u>(2,836,618)</u>	<u>37,730,019</u>	<u>2,932,596</u>
Total		<u>\$ 44,929,108</u>	<u>\$ 3,211,529</u>	<u>\$ (4,382,618)</u>	43,758,019	<u>\$ 3,694,596</u>
Add: unamortized bond premium					93,153	
Total on statement of net position					<u>\$ 43,851,172</u>	

General Obligation Bonds:

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. As of December 31, 2023 there is no future obligation outstanding related to this debt.

Series 2016B sanitary sewerage system improvement bonds - On February 18, 2016, the City issued Series 2016B Sanitary Sewerage System Improvement Bonds, par value \$2,620,000. The proceeds of this issue were used to retire \$2,704,000 in bond anticipation notes. The interest rate on the Series 2016B Bonds is 3.00%. Interest payments are due on June 1 and December 1 of each year. As of December 31, 2023 there is no future obligation outstanding related to this debt.

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

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

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

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

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

Series 2022 general obligation bonds - On December 15, 2022, the City issued various purpose general obligation bonds, par value \$1,900,000 (series 2022 bonds). These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds were issued to provide resources for the Maumee River Waterline. The bonds have interest rates ranging from 3.00% to 7.00% and are scheduled to mature on December 1, 2042. Principal and interest payments on the general obligation bonds will be made from the water fund.

Compensated Absences

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

Net Pension Liability and Net OPEB Liability

The net pension liability and net OPEB liability is described in Notes 13 and 14. These liabilities will be paid out of the sewer fund and the water fund.

Leases Payable

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending	Leases Payable		
	Principal	Interest	Total
2024	\$ 46,300	\$ 5,367	\$ 51,667
2025	48,715	2,953	51,668
2026	26,239	886	27,125
2027	11,007	138	11,145
Total	<u>\$ 132,261</u>	<u>\$ 9,344</u>	<u>\$ 141,605</u>

Future Debt Service Requirements

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

Year Ending	General Obligation Bonds		
	Current Interest Bonds		
	Principal	Interest	Total
2024	\$ 762,000	\$ 157,221	\$ 919,221
2025	782,000	136,612	918,612
2026	808,000	115,316	923,316
2027	825,000	97,106	922,106
2028	846,000	78,254	924,254
2029 - 2033	945,000	259,898	1,204,898
2034 - 2038	550,000	168,151	718,151
2039 - 2042	510,000	52,000	562,000
Total	<u>\$ 6,028,000</u>	<u>\$ 1,064,558</u>	<u>\$ 7,092,558</u>

OWDA Loans

The City constructed a wastewater treatment facility in 1990. The project was financed through expenditure by the Ohio Water Development Authority (OWDA). In 1999, the City began making major improvements to its wastewater treatment facility, which was also partially financed by OWDA. Beginning in 2008, the City borrowed money through the OWDA to finance water reservoir construction and sewer improvement construction.

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

At December 31, 2023, the City had the following OWDA loans outstanding:

Purpose	Interest Rate	Maturity Date	Balance Outstanding 12/31/2023
<u>Sewer Fund:</u>			
Group 6 sewer planning	3.25%	7/1/2029	\$ 171,530
Group 4 sewer design	3.25%	1/1/2029	266,460
Group 1/3 combined sewer separation	3.36%	1/1/2030	1,600,382
Group 2 express sewer	3.36%	1/1/2030	909,420
Group 5 sewer planning/SSES	3.25%	1/1/2031	194,573
Group 6 sewer design	3.25%	1/1/2030	153,070
Group 4 sewer separation	3.53%	1/1/2031	2,798,255
Group 5 design	4.14%	1/1/2031	82,525
Group 31A river intrusion elimination project	4.14%	1/1/2031	222,402
Group 6 sewer separation	3.70%	1/1/2031	918,240
Group 5 sewer separation	3.25%	1/1/2031	1,444,592
Group 12/14 sewer planning	2.62%	7/1/2031	238,668
LTCP planning	3.28%	1/1/2034	277,998
Group 14/15 sewer separation	2.45%	1/1/2034	1,230,547
2012 CSO long-term control planning	2.69%	1/1/2034	241,179
CSO LTCP planning pace - year 2013	2.38%	7/1/2035	321,007
Group 13 inflow reduction	3.40%	7/1/2034	209,207
CSO LTCP planning - year 2015	2.03%	1/1/2036	243,362
Auglaize interceptor sewer rehab	1.83%	1/1/2037	396,995
College Place inflow reduction CSO	0.00%	1/1/2039	899,499
East High Street inflow reduction CSO	0.00%	1/1/2039	2,141,638
Group 9.1 & 9.3 inflow reduction CSO	0.00%	1/1/2041	1,208,583
UV Disinfection Improvements	1.22%	7/1/2040	1,845,048
			<u>18,015,180</u>
<u>Water Fund:</u>			
Reservoir construction	4.09%	7/1/2037	4,514,507
WTP GAC Facility HAB	0.00%	1/1/2042	8,796,729
			<u>13,311,236</u>
Total OWDA loans			<u>\$ 31,326,416</u>

The City has pledged future sewer revenues and water revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and water fund revenues, and are payable through 2042. Annual principal and interest payments on the loans are expected to require 68.15 percent of net revenues and 23.11 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$34,135,583. Principal and interest paid for the current year was \$3,100,225, total net revenues were \$4,790,571 and total revenues were \$14,124,984.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

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

<u>Year Ending</u>	Direct Borrowing		
	OWDA Loans Payable		
	Principal	Interest	Total
2024	\$ 2,605,311	\$ 514,381	\$ 3,119,692
2025	2,666,128	459,650	3,125,778
2026	2,729,047	403,009	3,132,056
2027	2,794,135	344,390	3,138,525
2028	2,861,473	283,721	3,145,194
2029 - 2033	9,857,822	682,703	10,540,525
2034 - 2038	6,020,743	121,313	6,142,056
2039 - 2041	1,791,757	-	1,791,757
Total	\$ 31,326,416	\$ 2,809,167	\$ 34,135,583

OPWC Loan

Improvements to the City’s water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2023, the City has the following loan outstanding with OPWC:

	Interest Rate	Maturity Date	Balance Outstanding 12/31/2023
<u>Water Fund:</u>			
OPWC loan	0.00%	1/1/2038	\$ 1,789,351
Total OPWC loan			\$ 1,789,351

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

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

Year Ending	Direct Borrowing		
	OPWC Loan Payable		
	Principal	Interest	Total
2024	\$ 123,404	\$ -	\$ 123,404
2025	123,403	-	123,403
2026	123,404	-	123,404
2027	123,403	-	123,403
2028	123,404	-	123,404
2029 - 2033	617,017	-	617,017
2034 - 2038	555,316	-	555,316
Total	\$ 1,789,351	\$ -	\$ 1,789,351

NOTE 12- RISK MANAGEMENT

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

A. BORMA Property and Casualty Pool

During 2023, 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 2023 totaled \$197,170.

For the plan year, which includes December 31, 2023, BORMA, Inc. is subject to a \$25,000 per occurrence retention for any property or liability loss. The loss amount in excess of BORMA, Inc.’s \$25,000 retention is covered through PERC and various excess insurance companies up to the following amounts:

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - RISK MANAGEMENT - (Continued)

B. BORMA Benefits Pool

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

As of December 31, 2023, the Pool had total reported assets of \$10,301,087. The 2023 monthly premiums paid by the City per covered employee were \$2,690 for family coverage, \$1,795 for two-party coverage with spouse, \$1,616 for two-party coverage with child, and \$898 for single coverage. The monthly life insurance premium was \$1.60. The cost of coverage for premiums is paid out of each respective fund and division that pays the salary of the individuals covered under the plan. Employees contribute a portion of each monthly premium through payroll withholding. During 2023, the City paid \$3,899,883 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2023 was \$300,000 per individual; coverage in excess of this amount was provided by OptumHealth Financial Services.

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

C. Workers’ Compensation

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

D. State Unemployment Benefits

Political subdivisions in Ohio are not required to pay the State’s unemployment tax. Instead, the City pays unemployment benefits claims directly to the Ohio Department of Job and Family Services, as they occur. During 2023, the City made no payments to the Ohio Department of Job and Family Services for unemployment benefits claims.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 \$887,866 for 2023. Of this amount, \$112,771 is reported as due to other governments.

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

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

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before 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 (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	Police	Firefighters
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$950,678 for 2023. Of this amount, \$122,234 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, 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, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.03522900%	0.04083800%	0.08030400%	0.15854440%	
Proportion of the net pension liability/asset current measurement date	0.03598600%	0.04546900%	0.07473100%	0.16060150%	
Change in proportionate share	0.00075700%	0.00463100%	-0.00557300%	0.00205710%	
Proportionate share of the net pension liability	\$ 10,630,280	\$ -	\$ -	\$ 15,255,586	\$ 25,885,866
Proportionate share of the net pension asset	-	(107,166)	(5,844)	-	(113,010)
Pension expense	1,725,904	13,740	(566)	2,005,028	3,744,106

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 353,094	\$ 6,588	\$ 16,798	\$ 228,831	\$ 605,311
Net difference between projected and actual earnings on pension plan investments	3,029,965	39,057	2,739	2,221,027	5,292,788
Changes of assumptions	112,301	7,092	374	1,376,005	1,495,772
Changes in employer's proportionate percentage/ difference between employer contributions	578,611	-	-	448,159	1,026,770
Contributions subsequent to the measurement date	832,085	23,332	32,449	950,678	1,838,544
Total deferred outflows of resources	<u>\$ 4,906,056</u>	<u>\$ 76,069</u>	<u>\$ 52,360</u>	<u>\$ 5,224,700</u>	<u>\$ 10,259,185</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ -	\$ 15,317	\$ -	\$ 347,566	\$ 362,883
Changes of assumptions	-	-	-	297,480	297,480
Changes in employer's proportionate percentage/ difference between employer contributions	474,006	-	-	606,587	1,080,593
Total deferred inflows of resources	<u>\$ 474,006</u>	<u>\$ 15,317</u>	<u>\$ -</u>	<u>\$ 1,251,633</u>	<u>\$ 1,740,956</u>

\$1,838,544 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2024.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2024	\$ 497,769	\$ 1,586	\$ 2,785	\$ 391,001	\$ 893,141
2025	726,040	7,186	2,993	654,585	1,390,804
2026	891,867	9,965	3,042	732,247	1,637,121
2027	1,484,287	16,814	3,444	1,261,372	2,765,917
2028	-	(53)	1,979	(16,816)	(14,890)
Thereafter	-	1,922	5,668	-	7,590
Total	<u>\$ 3,599,963</u>	<u>\$ 37,420</u>	<u>\$ 19,911</u>	<u>\$ 3,022,389</u>	<u>\$ 6,679,683</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation

Current measurement date	2.75%
Prior measurement date	2.75%

Future salary increases, including inflation

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

COLA or ad hoc COLA

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

Investment rate of return

Current measurement date	6.90%
Prior measurement date	6.90%

Actuarial cost method

Individual entry age

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00 %	

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 15,923,805	\$ 10,630,280	\$ 6,227,017
Combined Plan	(55,927)	(107,166)	(147,774)
Member-Directed Plan	(3,737)	(5,844)	(7,473)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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 retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Experience study assumptions were performed by OP&F's prior actuary and completed as of December 31, 2016. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful live of the participants which was 5.81 years at December 31, 2022.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2022, compared to December 31, 2021, are presented below.

Valuation date	1/1/22 with actuarial liabilities rolled forward to 12/31/22
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

** Numbers are net of expected inflation.

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 7.50% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 20,125,061	\$ 15,255,586	\$ 11,207,591

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$16,869 for 2023. Of this amount, \$2,143 is reported as due to other governments.

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

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$22,582 for 2023. Of this amount, \$2,904 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.03720900%	0.15854440%	
Proportion of the net OPEB liability current measurement date	<u>0.03784800%</u>	<u>0.16060150%</u>	
Change in proportionate share	<u>0.00063900%</u>	<u>0.00205710%</u>	
Proportionate share of the net OPEB liability	\$ 238,639	\$ 1,143,436	\$ 1,382,075
OPEB expense	(412,870)	108,581	(304,289)

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 68,233	\$ 68,233
Net difference between projected and actual earnings on OPEB plan investments	473,941	98,073	572,014
Changes of assumptions	233,084	569,827	802,911
Changes in employer's proportionate percentage/difference between employer contributions	15,263	122,491	137,754
Contributions subsequent to the measurement date	16,869	22,582	39,451
Total deferred outflows of resources	<u>\$ 739,157</u>	<u>\$ 881,207</u>	<u>\$ 1,620,364</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 59,525	\$ 225,459	\$ 284,984
Changes of assumptions	19,179	935,240	954,419
Changes in employer's proportionate percentage/difference between employer contributions	1,891	98,729	100,620
Total deferred inflows of resources	<u>\$ 80,595</u>	<u>\$ 1,259,428</u>	<u>\$ 1,340,023</u>

\$39,451 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2024.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Year Ending December 31:			
2024	\$ 89,371	\$ (1,926)	\$ 87,445
2025	175,582	7,877	183,459
2026	147,790	(43,141)	104,649
2027	228,952	(30,640)	198,312
2028	-	(107,497)	(107,497)
Thereafter	-	(225,476)	(225,476)
Total	\$ 641,695	\$ (400,803)	\$ 240,892

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability/(asset)	\$ 812,218	\$ 238,639	\$ (234,658)

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City’s proportionate share of the net OPEB liability	\$ 223,682	\$ 238,639	\$ 255,474

Actuarial Assumptions - OP&F

OP&F’s total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.27%
Prior measurement date	2.84%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

** Numbers are net of expected inflation.

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2022, the total OPEB liability was calculated using the discount rate of 4.27%. For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the Municipal Bond Index Rate of 3.65% was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27%.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%), or one percentage point higher (5.27%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,408,034	\$ 1,143,436	\$ 920,047

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General</u>	<u>Police and Fire</u>
Budget basis	\$ 66,810	\$ (13,251)
Net adjustment for revenue accruals	241,957	83,052
Net adjustment for expenditure accruals	935,668	(35,180)
Net adjustment for other sources/uses	(955,145)	-
Funds budgeted elsewhere	(172,901)	-
Adjustment for encumbrances	<u>205,983</u>	<u>42,543</u>
GAAP basis	<u>\$ 322,372</u>	<u>\$ 77,164</u>

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

NOTE 16 - LOANS RECEIVABLE

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

	<u>Balance 1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>
CDBG loans	<u>\$ 780,347</u>	<u>\$ -</u>	<u>\$ (137,982)</u>	<u>\$ 642,365</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 17- CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2023.

B. Litigation

At December 31, 2023, 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, 2023.

CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 18 - CONTRACTUAL COMMITMENTS

At December 31, 2023, the City had the following outstanding contractual commitments:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Mannik & Smith Group	\$ 273,490	\$ 53,491	\$ 219,999
Hillabrand & Sons Construction	3,189,620	3,165,742	23,878
Wessler Engineering, Inc.	57,750	53,833	3,917
Burgess & Niple, Inc.	490,962	355,434	135,528
Vernon Nagel, Inc.	5,749,258	3,724,556	2,024,702
Stantec Consulting Services, Inc.	880,750	878,227	2,523
Total contractual commitments	<u>\$ 10,641,830</u>	<u>\$ 8,231,283</u>	<u>\$ 2,410,547</u>

NOTE 19 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General	\$ 100,081
Police and fire	25,243
Capital improvement	1,311,516
Nonmajor governmental funds	<u>112,950</u>
Total	<u>\$ 1,549,790</u>

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CITY OF DEFIANCE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 20 - FUND BALANCE

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

Fund Balance	General	Police and Fire	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ -	\$ -	\$ -	\$ 49,493	\$ 49,493
Unclaimed monies	24,347	-	-	-	24,347
Total nonspendable	<u>24,347</u>	<u>-</u>	<u>-</u>	<u>49,493</u>	<u>73,840</u>
Restricted:					
Debt service	-	-	-	646,411	646,411
Capital projects	-	-	-	160	160
Street construction, maintenance & repair	-	-	-	419,988	419,988
Police and fire pension	-	-	-	59,537	59,537
Court programs	-	-	-	229,284	229,284
Probation programs	-	-	-	95,762	95,762
Police and fire programs	-	183,763	-	91,343	275,106
Revolving loan program	-	-	-	1,605,336	1,605,336
Museum trust	-	-	-	685,081	685,081
Other purposes	-	-	-	1,034,824	1,034,824
Total restricted	<u>-</u>	<u>183,763</u>	<u>-</u>	<u>4,867,726</u>	<u>5,051,489</u>
Committed:					
Capital projects	-	-	1,972,880	-	1,972,880
Other purposes	-	-	-	16,485	16,485
Total committed	<u>-</u>	<u>-</u>	<u>1,972,880</u>	<u>16,485</u>	<u>1,989,365</u>
Assigned:					
Subsequent year appropriations	276,652	-	-	-	276,652
Debt Service	-	-	-	11	11
Health Care Trust	54,367	-	-	-	54,367
Other purposes	100,081	-	-	-	100,081
Total assigned	<u>431,100</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>431,111</u>
Unassigned	<u>6,835,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,835,598</u>
Total fund balances	<u>\$ 7,291,045</u>	<u>\$ 183,763</u>	<u>\$ 1,972,880</u>	<u>\$ 4,933,715</u>	<u>\$ 14,381,403</u>

CITY OF DEFIANCE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 21 - TAX ABATEMENTS

The City was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 12 years. A majority of the City's abatements are for 10 years or less and are 70-75% abated. The total assessed value of real property subject to exemption for 2023 was \$3,342,620. The total value of taxes abated for 2023 was \$10,028.

NOTE 22 - ASSET RETIREMENT OBLIGATIONS

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

NOTE 23 – SUBSEQUENT EVENTS

In 2024, the City approved the Webster Avenue Waterline Replacement and Jefferson Avenue Waterline Replacement projects. Both are Ohio Water Development Authority funded improvements for approximately \$774,000 and \$2,281,000, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.035986%	0.035229%	0.033881%	0.034490%
City's proportionate share of the net pension liability	\$ 10,630,280	\$ 3,065,066	\$ 5,017,038	\$ 6,817,182
City's covered payroll	\$ 5,394,071	\$ 5,133,186	\$ 4,773,636	\$ 4,918,264
City's proportionate share of the net pension liability as a percentage of its covered payroll	197.07%	59.71%	105.10%	138.61%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	96.62%	86.88%	82.17%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.045469%	0.040838%	0.040440%	0.036882%
City's proportionate share of the net pension asset	\$ 107,166	\$ 160,903	\$ 116,736	\$ 76,908
City's covered payroll	\$ 212,614	\$ 186,179	\$ 178,221	\$ 164,179
City's proportionate share of the net pension asset as a percentage of its covered payroll	50.40%	86.42%	65.50%	46.84%
Plan fiduciary net position as a percentage of the total pension asset	137.14%	169.88%	157.67%	145.28%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.074731%	0.080304%	0.090131%	0.091341%
City's proportionate share of the net pension asset	\$ 5,844	\$ 14,580	\$ 16,430	\$ 3,453
City's covered payroll	\$ 508,450	\$ 503,460	\$ 541,310	\$ 542,960
City's proportionate share of the net pension asset as a percentage of its covered payroll	1.15%	2.90%	3.04%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	126.74%	171.84%	188.21%	118.84%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	0.035258%	0.034730%	0.033093%	0.032196%	0.032678%	0.032678%
\$	9,656,450	\$ 5,448,464	\$ 7,514,858	\$ 5,576,753	\$ 3,941,332	\$ 3,852,309
\$	4,746,564	\$ 4,650,831	\$ 4,316,075	\$ 4,056,008	\$ 3,871,183	\$ 3,809,092
	203.44%	117.15%	174.11%	137.49%	101.81%	101.13%
	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
	0.032406%	0.032495%	0.051442%	0.057060%	0.054957%	0.054957%
\$	36,237	\$ 44,236	\$ 28,631	\$ 27,767	\$ 21,160	\$ 5,767
\$	138,600	\$ 133,085	\$ 200,242	\$ 193,458	\$ 200,892	\$ 173,162
	26.15%	33.24%	14.30%	14.35%	10.53%	3.33%
	126.64%	137.28%	116.55%	116.90%	114.83%	104.56%
	0.092982%	0.090880%	0.092801%	0.088535%	n/a	n/a
\$	2,119	\$ 3,172	\$ 387	\$ 338	n/a	n/a
\$	531,520	\$ 498,100	\$ 381,383	\$ 493,075	n/a	n/a
	0.40%	0.64%	0.10%	0.07%	n/a	n/a
	113.42%	124.45%	103.40%	103.91%	n/a	n/a

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	0.16060150%	0.15854440%	0.16033720%	0.17691640%
City's proportionate share of the net pension liability	\$ 15,255,586	\$ 9,904,937	\$ 10,930,331	\$ 11,918,034
City's covered payroll	\$ 4,235,398	\$ 4,082,844	\$ 3,948,534	\$ 4,305,269
City's proportionate share of the net pension liability as a percentage of its covered payroll	360.19%	242.60%	276.82%	276.82%
Plan fiduciary net position as a percentage of the total pension liability	62.90%	75.03%	70.65%	69.89%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15648300%	0.15382600%	0.15463300%	0.15285400%	0.14738390%	0.14738390%
\$ 12,773,148	\$ 9,440,974	\$ 9,794,294	\$ 9,833,171	\$ 7,635,101	\$ 7,178,059
\$ 3,553,488	\$ 3,400,922	\$ 3,380,349	\$ 3,147,448	\$ 2,851,291	\$ 2,710,020
359.45%	277.60%	289.74%	312.42%	267.78%	264.87%
63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 832,085	\$ 755,170	\$ 718,646	\$ 668,309
Contributions in relation to the contractually required contribution	<u>(832,085)</u>	<u>(755,170)</u>	<u>(718,646)</u>	<u>(668,309)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,943,464	\$ 5,394,071	\$ 5,133,186	\$ 4,773,636
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 23,332	\$ 29,766	\$ 26,065	\$ 24,951
Contributions in relation to the contractually required contribution	<u>(23,332)</u>	<u>(29,766)</u>	<u>(26,065)</u>	<u>(24,951)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 194,433	\$ 212,614	\$ 186,179	\$ 178,221
Contributions as a percentage of covered payroll	12.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 32,449	\$ 50,845	\$ 50,346	\$ 54,131
Contributions in relation to the contractually required contribution	<u>(32,449)</u>	<u>(50,845)</u>	<u>(50,346)</u>	<u>(54,131)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 324,490	\$ 508,450	\$ 503,460	\$ 541,310
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 688,557	\$ 664,519	\$ 604,608	\$ 517,929	\$ 486,721	\$ 464,542
<u>(688,557)</u>	<u>(664,519)</u>	<u>(604,608)</u>	<u>(517,929)</u>	<u>(486,721)</u>	<u>(464,542)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,918,264	\$ 4,746,564	\$ 4,650,831	\$ 4,316,075	\$ 4,056,008	\$ 3,871,183
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 22,985	\$ 19,404	\$ 17,301	\$ 24,029	\$ 23,215	\$ 24,107
<u>(22,985)</u>	<u>(19,404)</u>	<u>(17,301)</u>	<u>(24,029)</u>	<u>(23,215)</u>	<u>(24,107)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 164,179	\$ 138,600	\$ 133,085	\$ 200,242	\$ 193,458	\$ 200,892
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 54,296	\$ 53,152	\$ 49,810	\$ 45,766	\$ 59,169	
<u>(54,296)</u>	<u>(53,152)</u>	<u>(49,810)</u>	<u>(45,766)</u>	<u>(59,169)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 542,960	\$ 531,520	\$ 498,100	\$ 381,383	\$ 493,075	
10.00%	10.00%	10.00%	12.00%	12.00%	

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Police:</i>				
Contractually required contribution	\$ 467,314	\$ 437,044	\$ 418,888	\$ 403,773
Contributions in relation to the contractually required contribution	<u>(467,314)</u>	<u>(437,044)</u>	<u>(418,888)</u>	<u>(403,773)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,459,547	\$ 2,300,232	\$ 2,204,674	\$ 2,125,121
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 483,364	\$ 454,764	\$ 441,370	\$ 428,502
Contributions in relation to the contractually required contribution	<u>(483,364)</u>	<u>(454,764)</u>	<u>(441,370)</u>	<u>(428,502)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,056,868	\$ 1,935,166	\$ 1,878,170	\$ 1,823,413
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 413,167	\$ 374,164	\$ 357,329	\$ 356,195	\$ 326,523	\$ 304,580
<u>(413,167)</u>	<u>(374,164)</u>	<u>(357,329)</u>	<u>(356,195)</u>	<u>(326,523)</u>	<u>(304,580)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,174,563	\$ 1,969,284	\$ 1,880,679	\$ 1,874,711	\$ 1,718,542	\$ 1,603,053
19.00%	19.00%	19.00%	19.00%	19.00%	19.00%
\$ 500,716	\$ 372,288	\$ 357,257	\$ 353,825	\$ 335,793	\$ 293,336
<u>(500,716)</u>	<u>(372,288)</u>	<u>(357,257)</u>	<u>(353,825)</u>	<u>(335,793)</u>	<u>(293,336)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,130,706	\$ 1,584,204	\$ 1,520,243	\$ 1,505,638	\$ 1,428,906	\$ 1,248,238
23.50%	23.50%	23.50%	23.50%	23.50%	23.50%

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net OPEB liability/asset	0.037848%	0.037209%	0.036311%	0.036801%
City's proportionate share of the net OPEB liability/(asset)	\$ 238,639	\$ (1,165,443)	\$ (646,910)	\$ 5,083,174
City's covered payroll	\$ 6,115,135	\$ 5,822,825	\$ 5,493,167	\$ 5,625,403
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	3.90%	20.02%	11.78%	90.36%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	94.79%	128.23%	115.57%	47.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.037452%	0.036860%	0.035763%
\$ 4,882,857	\$ 4,002,723	\$ 3,612,247
\$ 5,416,684	\$ 5,282,016	\$ 4,897,700
90.14%	75.78%	73.75%
46.33%	54.14%	54.05%

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net OPEB liability	0.16060150%	0.15854440%	0.16033720%	0.17691640%
City's proportionate share of the net OPEB liability	\$ 1,143,436	\$ 1,737,783	\$ 1,698,799	\$ 1,747,532
City's covered payroll	\$ 4,235,398	\$ 4,082,844	\$ 3,948,534	\$ 4,305,269
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	27.00%	42.56%	43.02%	40.59%
Plan fiduciary net position as a percentage of the total OPEB liability	52.59%	46.86%	45.42%	47.08%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.15648300%	0.15826000%	0.15463300%
\$ 1,425,018	\$ 8,715,549	\$ 7,340,081
\$ 3,553,488	\$ 3,400,922	\$ 3,380,349
40.10%	256.27%	217.14%
46.57%	14.13%	15.96%

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 16,869	\$ 20,338	\$ 20,139	\$ 21,653
Contributions in relation to the contractually required contribution	<u>(16,869)</u>	<u>(20,338)</u>	<u>(20,139)</u>	<u>(21,653)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,462,387	\$ 6,115,135	\$ 5,822,825	\$ 5,493,167
Contributions as a percentage of covered payroll	0.26%	0.33%	0.35%	0.39%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 21,718	\$ 21,260	\$ 67,763	\$ 112,005	\$ 84,989	\$ 84,007
<u>(21,718)</u>	<u>(21,260)</u>	<u>(67,763)</u>	<u>(112,005)</u>	<u>(84,989)</u>	<u>(84,007)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,625,403	\$ 5,416,684	\$ 5,282,016	\$ 4,897,700	\$ 4,742,541	\$ 4,072,075
0.39%	0.39%	1.28%	2.29%	1.79%	2.06%

CITY OF DEFIANCE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Police:</i>				
Contractually required contribution	\$ 12,298	\$ 11,501	\$ 11,023	\$ 10,626
Contributions in relation to the contractually required contribution	<u>(12,298)</u>	<u>(11,501)</u>	<u>(11,023)</u>	<u>(10,626)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,459,547	\$ 2,300,232	\$ 2,204,674	\$ 2,125,121
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 10,284	\$ 9,676	\$ 9,391	\$ 9,117
Contributions in relation to the contractually required contribution	<u>(10,284)</u>	<u>(9,676)</u>	<u>(9,391)</u>	<u>(9,117)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,056,868	\$ 1,935,166	\$ 1,878,170	\$ 1,823,413
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 10,873	\$ 9,846	\$ 9,403	\$ 9,374	\$ 8,825	\$ 8,427
<u>(10,873)</u>	<u>(9,846)</u>	<u>(9,403)</u>	<u>(9,374)</u>	<u>(8,825)</u>	<u>(8,427)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,174,563	\$ 1,969,284	\$ 1,880,679	\$ 1,874,711	\$ 1,718,542	\$ 1,603,053
0.50%	0.50%	0.50%	0.50%	0.50%	0.53%
\$ 10,654	\$ 7,921	\$ 7,601	\$ 7,528	\$ 7,145	\$ 6,432
<u>(10,654)</u>	<u>(7,921)</u>	<u>(7,601)</u>	<u>(7,528)</u>	<u>(7,145)</u>	<u>(6,432)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,130,706	\$ 1,584,204	\$ 1,520,243	\$ 1,505,638	\$ 1,428,906	\$ 1,248,238
0.50%	0.50%	0.50%	0.50%	0.50%	0.52%

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

(Continued)

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

(Continued)

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

(Continued)

CITY OF DEFIANCE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Major Special Revenue Fund

Police and Fire Fund

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

Nonmajor Special Revenue Funds

State Highway Improvements Fund

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

Permissive Tax Fund

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

Street Construction, Maintenance and Repair Fund

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

Court Technology Grant

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

Indigent Drivers Fund

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

Municipal Probation Services Fund

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

Probation Grant Fund

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

Court Computerization Fund

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

Tree of Life Fund

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

Special Project Fund

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

OVI Special Project Fund

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

Cable TV - Franchise Fund

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

CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

Revolving Loan - Industrial Fund

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

Peace Officer Training Fund

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

Reservoir Enhancement Fund

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

Riverside Cemetery Enhancement Fund

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

Hotel/Motel Tax Fund

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

Museum Trust Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Law Enforcement Trust Fund

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

Fire and Rescue Trust Fund

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

CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

Fire Damage Repair Fund

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

Park and Recreation Trust Fund

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

Probation Incentive Grant

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

Local Coronavirus Relief Fund

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

Opioid Settlement Fund

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

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

Unclaimed Monies Fund

This fund accounts for uncashed checks issued by the City.

Health Care Trust Fund

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

DEBT SERVICE FUNDS

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

Nonmajor Debt Service Fund

Bond Retirement Fund

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

Commerce Drive Fund

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

CAPITAL PROJECTS FUNDS

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

Major Capital Projects Fund

Capital Improvement Fund

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

Nonmajor Capital Projects Funds

Splash Pad Trust Fund

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

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CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes	\$ 8,738,662	\$ 8,739,700	\$ 8,896,045	\$ 156,345
Property and other local taxes	649,023	649,100	651,960	2,860
Charges for services	882,245	882,350	937,364	55,014
Licenses, permits and fees	111,937	111,950	103,822	(8,128)
Fines and forfeitures	331,061	331,100	322,421	(8,679)
Intergovernmental	543,831	543,896	559,254	15,358
Investment income	92,989	93,000	278,086	185,086
Rental income.	5,999	6,000	6,350	350
Donations.	-	-	4,876	4,876
Other	169,690	169,710	305,077	135,367
Total revenues	<u>11,525,437</u>	<u>11,526,806</u>	<u>12,065,255</u>	<u>538,449</u>
Expenditures:				
Current:				
General Government:				
City Council:				
Salaries and wages	114,112	115,987	112,004	3,983
Operating	32,120	32,648	31,527	1,121
Total city council	<u>146,232</u>	<u>148,635</u>	<u>143,531</u>	<u>5,104</u>
Municipal Court:				
Salaries and wages	961,170	976,967	943,415	33,552
Operating	40,271	40,933	39,527	1,406
Total municipal court	<u>1,001,441</u>	<u>1,017,900</u>	<u>982,942</u>	<u>34,958</u>
County Law Library:				
Operating	27,481	27,932	26,973	959
Total county law library	<u>27,481</u>	<u>27,932</u>	<u>26,973</u>	<u>959</u>
Mayor:				
Salaries and wages	176,848	179,754	173,581	6,173
Operating	16,640	16,914	16,333	581
Total mayor.	<u>193,488</u>	<u>196,668</u>	<u>189,914</u>	<u>6,754</u>
City Administrator:				
Salaries and wages	145,583	147,976	142,894	5,082
Operating	63,210	64,248	62,042	2,206
Total city administrator	<u>208,793</u>	<u>212,224</u>	<u>204,936</u>	<u>7,288</u>
Finance Department:				
Salaries and wages	621,853	632,073	610,366	21,707
Operating	152,972	155,486	150,146	5,340
Total finance department.	<u>774,825</u>	<u>787,559</u>	<u>760,512</u>	<u>27,047</u>
County and State Charges:				
Operating	45,714	46,466	44,870	1,596
Total county and state charges.	<u>45,714</u>	<u>46,466</u>	<u>44,870</u>	<u>1,596</u>
Law Department:				
Salaries and wages	379,214	385,446	372,209	13,237
Operating	22,254	22,620	21,843	777
Total law department.	<u>401,468</u>	<u>408,066</u>	<u>394,052</u>	<u>14,014</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civil Service:				
Salaries and wages	\$ 9,788	\$ 9,949	\$ 9,607	\$ 342
Operating	11,243	11,427	11,035	392
Total civil service	<u>21,031</u>	<u>21,376</u>	<u>20,642</u>	<u>734</u>
Land and Buildings:				
Salaries and wages	202,453	205,780	198,713	7,067
Operating	603,695	613,618	592,544	21,074
Total land and buildings	<u>806,148</u>	<u>819,398</u>	<u>791,257</u>	<u>28,141</u>
Insurance Pool:				
Operating	214,673	218,202	210,709	7,493
Total insurance pool	<u>214,673</u>	<u>218,202</u>	<u>210,709</u>	<u>7,493</u>
Income Tax Collection and Distribution:				
Salaries and wages	108,641	110,426	106,634	3,792
Operating	309,500	314,587	303,783	10,804
Total income tax collection and distribution	<u>418,141</u>	<u>425,013</u>	<u>410,417</u>	<u>14,596</u>
Total General Government	<u>4,259,435</u>	<u>4,329,439</u>	<u>4,180,755</u>	<u>148,684</u>
Public Health and Welfare:				
Cemetery:				
Salaries and wages	438,596	445,804	407,688	38,116
Operating	145,230	147,617	134,996	12,621
Total cemetery	<u>583,826</u>	<u>593,421</u>	<u>542,684</u>	<u>50,737</u>
Total Public Health and Welfare	<u>583,826</u>	<u>593,421</u>	<u>542,684</u>	<u>50,737</u>
Community Environment:				
Building Inspection:				
Salaries and wages	140,400	142,709	134,248	8,461
Operating	46,962	47,734	44,904	2,830
Total building inspection	<u>187,362</u>	<u>190,443</u>	<u>179,152</u>	<u>11,291</u>
Engineering:				
Salaries and wages	808,001	821,278	772,595	48,683
Operating	156,897	159,476	150,022	9,454
Total engineering	<u>964,898</u>	<u>980,754</u>	<u>922,617</u>	<u>58,137</u>
Total Community Environment	<u>1,152,260</u>	<u>1,171,197</u>	<u>1,101,769</u>	<u>69,428</u>
Leisure Time Activity:				
Parks and Recreation:				
Salaries and wages	635,808	646,257	574,041	72,216
Operating	599,499	609,352	541,259	68,093
Total parks and recreation	<u>1,235,307</u>	<u>1,255,609</u>	<u>1,115,300</u>	<u>140,309</u>
Total Leisure Time Activity	<u>1,235,307</u>	<u>1,255,609</u>	<u>1,115,300</u>	<u>140,309</u>

- - Continued

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Economic Development:				
Development Department:				
Operating	\$ 213,895	\$ 217,410	\$ 186,750	\$ 30,660
Total development department	<u>213,895</u>	<u>217,410</u>	<u>186,750</u>	<u>30,660</u>
Total Economic Development	<u>213,895</u>	<u>217,410</u>	<u>186,750</u>	<u>30,660</u>
Total expenditures	<u>7,444,723</u>	<u>7,567,076</u>	<u>7,127,258</u>	<u>439,818</u>
Excess of revenues over expenditures	<u>4,080,714</u>	<u>3,959,730</u>	<u>4,937,997</u>	<u>978,267</u>
Other financing sources (uses):				
Sale of capital assets.	39,995	40,000	77,120	37,120
Transfers in.	1,063,674	1,063,800	1,063,800	-
Transfers (out).	<u>(5,941,463)</u>	<u>(6,039,110)</u>	<u>(6,012,107)</u>	<u>27,003</u>
Total other financing sources (uses).	<u>(4,837,794)</u>	<u>(4,935,310)</u>	<u>(4,871,187)</u>	<u>64,123</u>
Net change in fund balance.	(757,080)	(975,580)	66,810	1,042,390
Fund balance at beginning of year.	6,153,240	6,153,240	6,153,240	-
Prior year encumbrances appropriated	211,745	211,745	211,745	-
Fund balance at end of year	<u>\$ 5,607,905</u>	<u>\$ 5,389,405</u>	<u>\$ 6,431,795</u>	<u>\$ 1,042,390</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
POLICE AND FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 2,193,500	\$ 2,260,671	\$ 2,234,064	\$ (26,607)
Intergovernmental	288,970	297,819	253,611	(44,208)
Other	-	-	1,695	1,695
Total revenues	2,482,470	2,558,490	2,489,370	(69,120)
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Salaries and wages	3,667,035	3,782,641	3,693,733	88,908
Operating	449,358	463,525	452,630	10,895
Total police	4,116,393	4,246,166	4,146,363	99,803
Fire:				
Salaries and wages	2,810,813	2,899,425	2,831,276	68,149
Operating	447,722	461,837	450,982	10,855
Total fire.	3,258,535	3,361,262	3,282,258	79,004
Total expenditures	7,374,928	7,607,428	7,428,621	178,807
Excess of expenditures over revenues	(4,892,458)	(5,048,938)	(4,939,251)	109,687
Other financing sources:				
Transfers in	4,767,000	4,912,978	4,926,000	13,022
Total other financing sources	4,767,000	4,912,978	4,926,000	13,022
Net change in fund balance	(125,458)	(135,960)	(13,251)	122,709
Fund balance at beginning of year.	169,682	169,682	169,682	-
Prior year encumbrances appropriated.	29,703	29,703	29,703	-
Fund balance at end of year	\$ 73,927	\$ 63,425	\$ 186,134	\$ 122,709

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CAPITAL IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 2,193,500	\$ 2,193,500	\$ 2,234,063	\$ 40,563
Intergovernmental.	729,776	729,776	976,525	246,749
Donations.	10,000	10,000	31,000	21,000
Other	17,459	17,459	15,000	(2,459)
Total revenues	<u>2,950,735</u>	<u>2,950,735</u>	<u>3,256,588</u>	<u>305,853</u>
Expenditures:				
Capital Outlay:				
Operating	<u>4,636,004</u>	<u>4,636,005</u>	<u>5,525,000</u>	<u>(888,995)</u>
Total capital outlay	<u>4,636,004</u>	<u>4,636,005</u>	<u>5,525,000</u>	<u>(888,995)</u>
Debt Service:				
Principal retirement	133,836	133,836	159,500	(25,664)
Interest and fiscal charges	111,612	111,611	133,014	(21,403)
Total debt service.	<u>245,448</u>	<u>245,447</u>	<u>292,514</u>	<u>(47,067)</u>
Total expenditures.	<u>4,881,452</u>	<u>4,881,452</u>	<u>5,817,514</u>	<u>(936,062)</u>
Net change in fund balance.	(1,930,717)	(1,930,717)	(2,560,926)	(630,209)
Fund balance at beginning of year.	1,799,433	1,799,433	1,799,433	-
Prior year encumbrances appropriated	1,383,048	1,383,048	1,383,048	-
Fund balance at end of year	<u>\$ 1,251,764</u>	<u>\$ 1,251,764</u>	<u>\$ 621,555</u>	<u>\$ (630,209)</u>

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,737,281	\$ 646,422	\$ 160	\$ 3,383,863
Cash in segregated accounts	653,859	-	-	653,859
Receivables (net of allowance for uncollectibles):				
Income taxes	5,916	-	-	5,916
Property and other local taxes.	325,957	-	-	325,957
Accounts	19,066	-	-	19,066
Loans receivable.	642,365	-	-	642,365
Special assessments.	-	114,076	-	114,076
Accrued interest.	5,646	-	-	5,646
Due from other governments	543,157	-	-	543,157
Materials and supplies inventory	49,493	-	-	49,493
Total assets	<u>\$ 4,982,740</u>	<u>\$ 760,498</u>	<u>\$ 160</u>	<u>\$ 5,743,398</u>
Liabilities:				
Accounts payable.	\$ 4,129	\$ -	\$ -	\$ 4,129
Accrued wages and benefits payable.	25,920	-	-	25,920
Due to other governments	60,935	-	-	60,935
Total liabilities	<u>90,984</u>	<u>-</u>	<u>-</u>	<u>90,984</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	224,800	-	-	224,800
Accrued interest not available.	2,903	-	-	2,903
Special assessments revenue not available. . . .	-	114,076	-	114,076
Income tax revenue not available	2,601	-	-	2,601
Intergovernmental revenue not available	374,319	-	-	374,319
Total deferred inflows of resources.	<u>604,623</u>	<u>114,076</u>	<u>-</u>	<u>718,699</u>
Fund balances:				
Nonspendable	49,493	-	-	49,493
Restricted	4,221,155	646,411	160	4,867,726
Committed.	16,485	-	-	16,485
Assigned.	-	11	-	11
Total fund balances.	<u>4,287,133</u>	<u>646,422</u>	<u>160</u>	<u>4,933,715</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,982,740</u>	<u>\$ 760,498</u>	<u>\$ 160</u>	<u>\$ 5,743,398</u>

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Income taxes	\$ 37,310	\$ -	\$ -	\$ 37,310
Property and other local taxes	670,719	-	-	670,719
Licenses, permits and fees	145,139	-	-	145,139
Fines and forfeitures	267,132	-	-	267,132
Intergovernmental	3,220,472	-	-	3,220,472
Special assessments	-	103,565	-	103,565
Investment income	44,968	-	-	44,968
Donations	26,487	-	-	26,487
Increase in fair value of investments	27,683	-	-	27,683
Other	85,629	-	-	85,629
Total revenues	<u>4,525,539</u>	<u>103,565</u>	<u>-</u>	<u>4,629,104</u>
Expenditures:				
Current:				
General government	648,990	3,570	-	652,560
Security of persons and property	1,417,749	-	-	1,417,749
Transportation	1,154,464	-	-	1,154,464
Economic development	35,395	-	-	35,395
Capital outlay	1,832,367	-	-	1,832,367
Debt service:				
Principal retirement	297,254	238,630	194,000	729,884
Interest and fiscal charges	46,137	42,448	5,692	94,277
Total expenditures	<u>5,432,356</u>	<u>284,648</u>	<u>199,692</u>	<u>5,916,696</u>
Excess of expenditures over revenues	<u>(906,817)</u>	<u>(181,083)</u>	<u>(199,692)</u>	<u>(1,287,592)</u>
Other financing sources (uses):				
Transfers in	773,000	180,015	198,581	1,151,596
Transfers (out)	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>723,000</u>	<u>180,015</u>	<u>198,581</u>	<u>1,101,596</u>
Net change in fund balances	(183,817)	(1,068)	(1,111)	(185,996)
Fund balances at beginning of year	<u>4,470,950</u>	<u>647,490</u>	<u>1,271</u>	<u>5,119,711</u>
Fund balances at end of year	<u>\$ 4,287,133</u>	<u>\$ 646,422</u>	<u>\$ 160</u>	<u>\$ 4,933,715</u>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2023

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Indigent Drivers
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 149,967	\$ 27,836	\$ 297,268	\$ 34,298
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	5,916	-
Property and other local taxes.	-	-	-	-
Accounts	-	-	-	689
Loans receivable.	-	-	-	-
Accrued interest.	601	-	1,192	-
Due from other governments	39,038	-	491,519	-
Materials and supplies inventory	-	-	49,493	-
Total assets.	<u>\$ 189,606</u>	<u>\$ 27,836</u>	<u>\$ 845,388</u>	<u>\$ 34,987</u>
Liabilities:				
Accounts payable	\$ 679	\$ -	\$ 2,273	\$ -
Accrued wages and benefits payable.	-	-	25,920	-
Due to other governments	-	-	9,910	-
Total liabilities	<u>679</u>	<u>-</u>	<u>38,103</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	-
Accrued interest not available	309	-	613	-
Income tax revenue not available	-	-	2,601	-
Intergovernmental revenue not available	27,129	-	334,590	-
Total deferred inflows of resources.	<u>27,438</u>	<u>-</u>	<u>337,804</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	49,493	-
Restricted	161,489	27,836	419,988	34,987
Committed.	-	-	-	-
Total fund balances	<u>161,489</u>	<u>27,836</u>	<u>469,481</u>	<u>34,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 189,606</u>	<u>\$ 27,836</u>	<u>\$ 845,388</u>	<u>\$ 34,987</u>

Municipal Probation Services	Probation Grant	Court Computerization	Tree of Life	Special Project	OVI Special Project
\$ 79,741	\$ 14,051	\$ 227,954	\$ 4,869	\$ 214,366	\$ 286,135
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,985	-	1,330	-	13,454	1,608
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 81,726</u>	<u>\$ 14,051</u>	<u>\$ 229,284</u>	<u>\$ 4,869</u>	<u>\$ 227,820</u>	<u>\$ 287,743</u>
\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
81,726	14,036	229,284	-	227,820	287,743
-	-	-	4,869	-	-
<u>81,726</u>	<u>14,036</u>	<u>229,284</u>	<u>4,869</u>	<u>227,820</u>	<u>287,743</u>
<u>\$ 81,726</u>	<u>\$ 14,051</u>	<u>\$ 229,284</u>	<u>\$ 4,869</u>	<u>\$ 227,820</u>	<u>\$ 287,743</u>

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CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2023

	Revolving Loan - Industrial	Peace Officer Training	Reservoir Enhancement	Riverside Cemetery Enhancement
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 961,099	\$ 34,482	\$ 300	\$ 8,154
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	-	-
Property and other local taxes.	-	-	-	-
Accounts	-	-	-	-
Loans receivable.	642,365	-	-	-
Accrued interest.	3,853	-	-	-
Due from other governments	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 1,607,317</u>	<u>\$ 34,482</u>	<u>\$ 300</u>	<u>\$ 8,154</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable.	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	-
Accrued interest not available	1,981	-	-	-
Income tax revenue not available	-	-	-	-
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources.	<u>1,981</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,605,336	34,482	-	8,154
Committed.	-	-	300	-
Total fund balances	<u>1,605,336</u>	<u>34,482</u>	<u>300</u>	<u>8,154</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,607,317</u>	<u>\$ 34,482</u>	<u>\$ 300</u>	<u>\$ 8,154</u>

Hotel/Motel Tax	Museum Trust	Police Pension	Fire Pension	Law Enforcement Trust	Fire and Rescue Trust
\$ 151,621	\$ 31,222	\$ 59,503	\$ 34	\$ 50,415	\$ 42,090
-	653,859	-	-	-	-
-	-	-	-	-	-
101,157	-	112,400	112,400	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,300	6,300	-	-
-	-	-	-	-	-
<u>\$ 252,778</u>	<u>\$ 685,081</u>	<u>\$ 178,203</u>	<u>\$ 118,734</u>	<u>\$ 50,415</u>	<u>\$ 42,090</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,162	\$ -
-	-	-	-	-	-
51,025	-	-	-	-	-
<u>51,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>-</u>
-	-	112,400	112,400	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,300	6,300	-	-
-	-	<u>118,700</u>	<u>118,700</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
201,753	685,081	59,503	34	49,253	42,090
-	-	-	-	-	-
<u>201,753</u>	<u>685,081</u>	<u>59,503</u>	<u>34</u>	<u>49,253</u>	<u>42,090</u>
<u>\$ 252,778</u>	<u>\$ 685,081</u>	<u>\$ 178,203</u>	<u>\$ 118,734</u>	<u>\$ 50,415</u>	<u>\$ 42,090</u>

CITY OF DEFIANCE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2023

	Park and Recreation Trust	Probation Incentive Grant	Opioid Settlement	Total Nonmajor Special Revenue Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 11,316	\$ 19,327	\$ 31,233	\$ 2,737,281
Cash in segregated accounts	-	-	-	653,859
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	-	5,916
Property and other local taxes.	-	-	-	325,957
Accounts	-	-	-	19,066
Loans receivable.	-	-	-	642,365
Accrued interest.	-	-	-	5,646
Due from other governments	-	-	-	543,157
Materials and supplies inventory	-	-	-	49,493
Total assets.	<u>\$ 11,316</u>	<u>\$ 19,327</u>	<u>\$ 31,233</u>	<u>\$ 4,982,740</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,129
Accrued wages and benefits payable.	-	-	-	25,920
Due to other governments	-	-	-	60,935
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,984</u>
Deferred inflows of resources:				
Property taxes levied for the next year.	-	-	-	224,800
Accrued interest not available	-	-	-	2,903
Income tax revenue not available	-	-	-	2,601
Intergovernmental revenue not available	-	-	-	374,319
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,623</u>
Fund balances:				
Nonspendable	-	-	-	49,493
Restricted	-	19,327	31,233	4,221,155
Committed.	11,316	-	-	16,485
Total fund balances	<u>11,316</u>	<u>19,327</u>	<u>31,233</u>	<u>4,287,133</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,316</u>	<u>\$ 19,327</u>	<u>\$ 31,233</u>	<u>\$ 4,982,740</u>

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CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	State Highway Improvements	Permissive Tax	Street Construction, Maintenance and Repair	Court Technology Grant
Revenues:				
Income taxes	\$ -	\$ -	\$ 37,310	\$ -
Property and other local taxes	-	-	82,760	-
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	80,316	113,415	1,032,264	-
Investment income	3,957	-	6,628	-
Donations.	-	-	-	-
Change in fair value of investments	-	-	-	-
Other	-	-	3,385	-
Total revenues.	<u>84,273</u>	<u>113,415</u>	<u>1,162,347</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	44,055
Security of persons and property.	-	-	-	-
Transportation	83,404	49,830	1,021,230	-
Economic development	-	-	-	-
Capital outlay.	-	-	82,982	-
Debt service:				
Principal retirement.	-	59,000	14,383	-
Interest and fiscal charges.	-	36,335	2,101	-
Total expenditures	<u>83,404</u>	<u>145,165</u>	<u>1,120,696</u>	<u>44,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>869</u>	<u>(31,750)</u>	<u>41,651</u>	<u>(44,055)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	869	(31,750)	41,651	(44,055)
Fund balances at beginning of year	<u>160,620</u>	<u>59,586</u>	<u>427,830</u>	<u>44,055</u>
Fund balances at end of year	<u>\$ 161,489</u>	<u>\$ 27,836</u>	<u>\$ 469,481</u>	<u>\$ -</u>

Indigent Drivers	Municipal Probation Services	Probation Grant	Court Computerization	Tree of Life	Special Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
18,530	24,124	-	20,926	-	187,727
-	-	95,396	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	165	-
<u>18,530</u>	<u>24,124</u>	<u>95,396</u>	<u>20,926</u>	<u>165</u>	<u>187,727</u>
-	-	-	69,181	-	976
13,824	69,380	90,440	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	175,000
-	-	-	-	-	-
<u>13,824</u>	<u>69,380</u>	<u>90,440</u>	<u>69,181</u>	<u>-</u>	<u>175,976</u>
<u>4,706</u>	<u>(45,256)</u>	<u>4,956</u>	<u>(48,255)</u>	<u>165</u>	<u>11,751</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,706	(45,256)	4,956	(48,255)	165	11,751
30,281	126,982	9,080	277,539	4,704	216,069
<u>\$ 34,987</u>	<u>\$ 81,726</u>	<u>\$ 14,036</u>	<u>\$ 229,284</u>	<u>\$ 4,869</u>	<u>\$ 227,820</u>

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CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	OVI Special Project	Cable TV - Franchise	Revolving Loan - Industrial	Peace Officer Training
Revenues:				
Income taxes	\$ -	\$ -	\$ -	\$ -
Property and other local taxes	-	-	-	-
Licenses, permits and fees	-	145,139	-	-
Fines and forfeitures	13,393	-	-	-
Intergovernmental	-	-	-	22,540
Investment income	-	-	34,220	-
Donations.	-	-	-	-
Change in fair value of investments	-	-	-	-
Other	9,306	-	29,917	-
Total revenues.	22,699	145,139	64,137	22,540
Expenditures:				
Current:				
General government	-	196,036	-	-
Security of persons and property.	-	-	-	1,000
Transportation	-	-	-	-
Economic development	-	-	35,395	-
Capital outlay.	-	-	-	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
Total expenditures	-	196,036	35,395	1,000
Excess (deficiency) of revenues over (under) expenditures	22,699	(50,897)	28,742	21,540
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	22,699	(50,897)	28,742	21,540
Fund balances at beginning of year	265,044	50,897	1,576,594	12,942
Fund balances at end of year	\$ 287,743	\$ -	\$ 1,605,336	\$ 34,482

<u>Reservoir Enhancement</u>	<u>Riverside Cemetery Enhancement</u>	<u>Hotel/Motel Tax</u>	<u>Museum Trust</u>	<u>Police Pension</u>	<u>Fire Pension</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	400,348	-	93,806	93,805
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	10,993	10,993
-	163	-	-	-	-
-	909	-	8,668	-	-
-	-	-	27,683	-	-
-	-	-	10,000	-	-
-	1,072	400,348	46,351	104,799	104,798
-	-	334,339	4,403	-	-
-	-	-	-	475,318	486,617
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	334,339	4,403	475,318	486,617
-	1,072	66,009	41,948	(370,519)	(381,819)
-	-	-	-	400,000	373,000
-	-	(50,000)	-	-	-
-	-	(50,000)	-	400,000	373,000
-	1,072	16,009	41,948	29,481	(8,819)
300	7,082	185,744	643,133	30,022	8,853
<u>\$ 300</u>	<u>\$ 8,154</u>	<u>\$ 201,753</u>	<u>\$ 685,081</u>	<u>\$ 59,503</u>	<u>\$ 34</u>

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CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Law Enforcement Trust	Fire and Rescue Trust	Fire Damage Repair	Park and Recreation Trust
Revenues:				
Income taxes	\$ -	\$ -	\$ -	\$ -
Property and other local taxes	-	-	-	-
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	2,432	-	-	-
Intergovernmental	-	47,744	-	-
Investment income	-	-	-	-
Donations.	8,147	8,763	-	-
Change in fair value of investments	-	-	-	-
Other	847	-	32,000	-
Total revenues.	<u>11,426</u>	<u>56,507</u>	<u>32,000</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Security of persons and property.	22,255	69,664	140,222	-
Transportation	-	-	-	-
Economic development	-	-	-	-
Capital outlay.	-	-	-	-
Debt service:				
Principal retirement.	-	48,871	-	-
Interest and fiscal charges.	-	7,701	-	-
Total expenditures	<u>22,255</u>	<u>126,236</u>	<u>140,222</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,829)</u>	<u>(69,729)</u>	<u>(108,222)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(10,829)	(69,729)	(108,222)	-
Fund balances at beginning of year	<u>60,082</u>	<u>111,819</u>	<u>108,222</u>	<u>11,316</u>
Fund balances at end of year	<u>\$ 49,253</u>	<u>\$ 42,090</u>	<u>\$ -</u>	<u>\$ 11,316</u>

Probation Incentive Grant	Local Coronavirus Relief	Opioid Settlement	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 37,310
-	-	-	670,719
-	-	-	145,139
-	-	-	267,132
31,886	1,749,385	25,540	3,220,472
-	-	-	44,968
-	-	-	26,487
-	-	-	27,683
9	-	-	85,629
<u>31,895</u>	<u>1,749,385</u>	<u>25,540</u>	<u>4,525,539</u>
-	-	-	648,990
49,029	-	-	1,417,749
-	-	-	1,154,464
-	-	-	35,395
-	1,749,385	-	1,832,367
-	-	-	297,254
-	-	-	46,137
<u>49,029</u>	<u>1,749,385</u>	<u>-</u>	<u>5,432,356</u>
<u>(17,134)</u>	<u>-</u>	<u>25,540</u>	<u>(906,817)</u>
-	-	-	773,000
-	-	-	(50,000)
-	-	-	723,000
(17,134)	-	25,540	(183,817)
36,461	-	5,693	4,470,950
<u>\$ 19,327</u>	<u>\$ -</u>	<u>\$ 31,233</u>	<u>\$ 4,287,133</u>

CITY OF DEFIANCE, OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2023

	Bond Retirement	Commerce Drive	Total Nonmajor Debt Service Funds
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 646,411	\$ 11	\$ 646,422
Receivables:			
Special assessments	114,076	-	114,076
Total assets	\$ 760,487	\$ 11	\$ 760,498
Deferred inflows of resources:			
Special assessments revenue not available.	\$ 114,076	\$ -	\$ 114,076
Total deferred inflows of resources.	114,076	-	114,076
Fund balances:			
Restricted	646,411	-	646,411
Assigned	-	11	11
Total fund balances	646,411	11	646,422
Total deferred inflows of resources and fund balances	\$ 760,487	\$ 11	\$ 760,498

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Bond Retirement</u>	<u>Commerce Drive</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues:			
Special assessments	\$ 103,565	\$ -	\$ 103,565
Total revenues.	<u>103,565</u>	<u>-</u>	<u>103,565</u>
Expenditures:			
Current:			
General government	3,570	-	3,570
Debt service:			
Principal retirement.	116,559	122,071	238,630
Interest and fiscal charges	-	42,448	42,448
Total expenditures	<u>120,129</u>	<u>164,519</u>	<u>284,648</u>
Excess of expenditures over revenues	<u>(16,564)</u>	<u>(164,519)</u>	<u>(181,083)</u>
Other financing sources:			
Transfers in.	15,489	164,526	180,015
Total other financing sources.	<u>15,489</u>	<u>164,526</u>	<u>180,015</u>
Net change in fund balances	(1,075)	7	(1,068)
Fund balances at beginning of year	647,486	4	647,490
Fund balances at end of year	<u>\$ 646,411</u>	<u>\$ 11</u>	<u>\$ 646,422</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
STATE HIGHWAY IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 79,000	\$ 79,000	\$ 81,106	\$ 2,106
Investment income	1,190	1,190	3,679	2,489
Total revenues	<u>80,190</u>	<u>80,190</u>	<u>84,785</u>	<u>4,595</u>
Expenditures:				
Current:				
Transportation:				
Capital Improvements:				
Operating	158,425	158,425	143,778	14,647
Total expenditures	<u>158,425</u>	<u>158,425</u>	<u>143,778</u>	<u>14,647</u>
Net change in fund balance.	(78,235)	(78,235)	(58,993)	19,242
Fund balance at beginning of year. . . .	147,548	147,548	147,548	-
Prior year encumbrances appropriated .	425	425	425	-
Fund balance at end of year	<u>\$ 69,738</u>	<u>\$ 69,738</u>	<u>\$ 88,980</u>	<u>\$ 19,242</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PERMISSIVE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 224,045	\$ 224,045	\$ 113,415	\$ (110,630)
Total revenues.	<u>224,045</u>	<u>224,045</u>	<u>113,415</u>	<u>(110,630)</u>
Expenditures:				
Current:				
Transportation:				
Capital Improvements:				
Operating	110,649	110,649	55,183	55,466
Total capital improvements	<u>110,649</u>	<u>110,649</u>	<u>55,183</u>	<u>55,466</u>
Debt Service:				
Principal retirement	83,210	83,210	59,000	24,210
Interest and fiscal charges	36,335	36,335	36,335	-
Total debt service.	<u>119,545</u>	<u>119,545</u>	<u>95,335</u>	<u>24,210</u>
Total expenditures	<u>230,194</u>	<u>230,194</u>	<u>150,518</u>	<u>79,676</u>
Net change in fund balance.	(6,149)	(6,149)	(37,103)	(30,954)
Fund balance at beginning of year.	48,937	48,937	48,937	-
Prior year encumbrances appropriated	10,649	10,649	10,649	-
Fund balance at end of year	<u>\$ 53,437</u>	<u>\$ 53,437</u>	<u>\$ 22,483</u>	<u>\$ (30,954)</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 36,500	\$ 36,500	\$ 37,525	\$ 1,025
Property and other local taxes	-	-	82,760	82,760
Intergovernmental	1,109,000	1,109,000	1,041,686	(67,314)
Investment income	1,880	1,880	6,042	4,162
Other	21,000	21,000	3,385	(17,615)
Total revenues.	<u>1,168,380</u>	<u>1,168,380</u>	<u>1,171,398</u>	<u>3,018</u>
Expenditures:				
Current:				
Transportation:				
Highway and Streets:				
Salaries and wages	887,785	862,108	799,660	62,448
Operating	<u>450,551</u>	<u>476,228</u>	<u>405,827</u>	<u>70,401</u>
Total expenditures.	<u>1,338,336</u>	<u>1,338,336</u>	<u>1,205,487</u>	<u>132,849</u>
Excess of expenditures over revenues	<u>(169,956)</u>	<u>(169,956)</u>	<u>(34,089)</u>	<u>135,867</u>
Other financing sources:				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total other financing sources.	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance.	(149,956)	(149,956)	(14,089)	135,867
Fund balance at beginning of year.	246,387	246,387	246,387	-
Prior year encumbrances appropriated	21,125	21,125	21,125	-
Fund balance at end of year	<u>\$ 117,556</u>	<u>\$ 117,556</u>	<u>\$ 253,423</u>	<u>\$ 135,867</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COURT TECHNOLOGY GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

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

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
INDIGENT DRIVERS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 18,566	\$ (1,434)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>18,566</u>	<u>(1,434)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating	41,641	41,641	15,465	26,176
Total expenditures	<u>41,641</u>	<u>41,641</u>	<u>15,465</u>	<u>26,176</u>
Net change in fund balance.	(21,641)	(21,641)	3,101	24,742
Fund balance at beginning of year. . . .	29,556	29,556	29,556	-
Prior year encumbrances appropriated .	1,641	1,641	1,641	-
Fund balance at end of year	<u>\$ 9,556</u>	<u>\$ 9,556</u>	<u>\$ 34,298</u>	<u>\$ 24,742</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MUNICIPAL PROBATION SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 23,400	\$ 23,400	\$ 24,215	\$ 815
Other	1,000	1,000	-	(1,000)
Total revenues.	<u>24,400</u>	<u>24,400</u>	<u>24,215</u>	<u>(185)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	31,847	32,555	31,168	1,387
Operating	39,186	55,939	38,351	17,588
Total expenditures	<u>71,033</u>	<u>88,494</u>	<u>69,519</u>	<u>18,975</u>
Net change in fund balance.	(46,633)	(64,094)	(45,304)	18,790
Fund balance at beginning of year.	124,867	124,867	124,867	-
Prior year encumbrances appropriated	178	178	178	-
Fund balance at end of year	<u>\$ 78,412</u>	<u>\$ 60,951</u>	<u>\$ 79,741</u>	<u>\$ 18,790</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROBATION GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 30,822	\$ 30,822	\$ 95,396	\$ 64,574
Total revenues	<u>30,822</u>	<u>30,822</u>	<u>95,396</u>	<u>64,574</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	28,357	73,825	73,151	674
Operating	<u>6,722</u>	<u>20,744</u>	<u>17,337</u>	<u>3,407</u>
Total expenditures	<u>35,079</u>	<u>94,569</u>	<u>90,488</u>	<u>4,081</u>
Net change in fund balance.	(4,257)	(63,747)	4,908	68,655
Fund balance at beginning of year.	8,539	8,539	8,539	-
Prior year encumbrances appropriated	604	604	604	-
Fund balance (deficit) at end of year	<u>\$ 4,886</u>	<u>\$ (54,604)</u>	<u>\$ 14,051</u>	<u>\$ 68,655</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COURT COMPUTERIZATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 30,000	\$ 30,000	\$ 21,222	\$ (8,778)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>21,222</u>	<u>(8,778)</u>
Expenditures:				
Current:				
General Government:				
Municipal Court:				
Operating	130,747	130,711	69,892	60,819
Total expenditures	<u>130,747</u>	<u>130,711</u>	<u>69,892</u>	<u>60,819</u>
Net change in fund balance.	(100,747)	(100,711)	(48,670)	52,041
Fund balance at beginning of year. . . .	275,877	275,877	275,877	-
Prior year encumbrances appropriated .	747	747	747	-
Fund balance at end of year	<u>\$ 175,877</u>	<u>\$ 175,913</u>	<u>\$ 227,954</u>	<u>\$ 52,041</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
TREE OF LIFE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 165	\$ 165
Total revenues.	<u>-</u>	<u>-</u>	<u>165</u>	<u>165</u>
Net change in fund balance.	-	-	165	165
Fund balance at beginning of year.	4,704	4,704	4,704	-
Fund balance at end of year	<u>\$ 4,704</u>	<u>\$ 4,704</u>	<u>\$ 4,869</u>	<u>\$ 165</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SPECIAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 130,000	\$ 130,000	\$ 187,457	\$ 57,457
Total revenues	130,000	130,000	187,457	57,457
Expenditures:				
Current:				
General Government:				
Municipal Court:				
Operating	15,000	15,000	976	14,024
Total municipal court	15,000	15,000	976	14,024
Debt Service:				
Principal retirement	175,000	175,000	175,000	-
Total debt service	175,000	175,000	175,000	-
Total expenditures	190,000	190,000	175,976	14,024
Net change in fund balance.	(60,000)	(60,000)	11,481	71,481
Fund balance at beginning of year.	202,885	202,885	202,885	-
Fund balance at end of year	\$ 142,885	\$ 142,885	\$ 214,366	\$ 71,481

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OVI SPECIAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 13,193	\$ 3,193
Other	8,000	8,000	9,078	1,078
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>22,271</u>	<u>4,271</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Court:				
Operating	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance.	13,000	13,000	22,271	9,271
Fund balance at beginning of year. . . .	263,864	263,864	263,864	-
Fund balance at end of year	<u>\$ 276,864</u>	<u>\$ 276,864</u>	<u>\$ 286,135</u>	<u>\$ 9,271</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CABLE TV - FRANCHISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and fees	\$ 205,000	\$ 205,000	\$ 196,036	\$ (8,964)
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>196,036</u>	<u>(8,964)</u>
Expenditures:				
Current:				
General Government:				
Cable TV:				
Operating	205,000	205,000	196,036	8,964
Total expenditures	<u>205,000</u>	<u>205,000</u>	<u>196,036</u>	<u>8,964</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year. . . .	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
RESERVOIR ENHANCEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year. . . .	\$ 300	\$ 300	\$ 300	\$ -
Fund balance at end of year	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ -</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
REVOLVING LOAN - INDUSTRIAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 34,855	\$ 41,000	\$ 19,344	\$ (21,656)
Other	24,941	29,338	29,338	-
Total revenues	<u>59,796</u>	<u>70,338</u>	<u>48,682</u>	<u>(21,656)</u>
Expenditures:				
Current:				
Economic Development:				
Capital Improvement:				
Operating	832,607	827,340	35,395	791,945
Total expenditures	<u>832,607</u>	<u>827,340</u>	<u>35,395</u>	<u>791,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(772,811)</u>	<u>(757,002)</u>	<u>13,287</u>	<u>770,289</u>
Other financing sources:				
Other financing sources	149,509	138,967	151,853	12,886
Total other financing sources	<u>149,509</u>	<u>138,967</u>	<u>151,853</u>	<u>12,886</u>
Net change in fund balance	(623,302)	(618,035)	165,140	783,175
Fund balance at beginning of year	784,524	784,524	784,524	-
Prior year encumbrances appropriated	10,267	10,267	10,267	-
Fund balance at end of year	<u>\$ 171,489</u>	<u>\$ 176,756</u>	<u>\$ 959,931</u>	<u>\$ 783,175</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PEACE OFFICER TRAINING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 22,540	\$ 22,540
Total revenues	<u>-</u>	<u>-</u>	<u>22,540</u>	<u>22,540</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Operating	2,000	2,000	2,000	-
Total police.	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net change in fund balances.	(2,000)	(2,000)	20,540	22,540
Fund balance at beginning of year.	10,942	10,942	10,942	-
Prior year encumbrances appropriated	2,000	2,000	2,000	-
Fund balance at end of year	<u>\$ 10,942</u>	<u>\$ 10,942</u>	<u>\$ 33,482</u>	<u>\$ 22,540</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
RIVERSIDE CEMETERY ENHANCEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 40	\$ 40	\$ 163	\$ 123
Donations	500	500	909	409
Total revenues	540	540	1,072	532
Expenditures:				
Current:				
Public Health and Welfare:				
Cemetery:				
Operating	7,000	7,000	-	7,000
Total expenditures	7,000	7,000	-	7,000
Net change in fund balance.	(6,460)	(6,460)	1,072	7,532
Fund balance at beginning of year.	7,082	7,082	7,082	-
Fund balance at end of year	\$ 622	\$ 622	\$ 8,154	\$ 7,532

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HOTEL/MOTEL TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other local taxes	\$ 400,000	\$ 400,000	\$ 395,378	\$ (4,622)
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>395,378</u>	<u>(4,622)</u>
Expenditures:				
Current:				
General Government:				
General Operating:				
Salaries and wages	45,140	45,140	44,882	258
Operating.	<u>93,280</u>	<u>93,280</u>	<u>91,827</u>	<u>1,453</u>
Total general operating	<u>138,420</u>	<u>138,420</u>	<u>136,709</u>	<u>1,711</u>
Capital Improvements:				
Operating	<u>200,000</u>	<u>200,000</u>	<u>197,689</u>	<u>2,311</u>
Total capital improvements	<u>200,000</u>	<u>200,000</u>	<u>197,689</u>	<u>2,311</u>
Total expenditures	<u>338,420</u>	<u>338,420</u>	<u>334,398</u>	<u>4,022</u>
Excess of revenues over expenditures	<u>61,580</u>	<u>61,580</u>	<u>60,980</u>	<u>(600)</u>
Other financing (uses):				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing (uses).	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance.	11,580	11,580	10,980	(600)
Fund balance at beginning of year.	<u>140,641</u>	<u>140,641</u>	<u>140,641</u>	<u>-</u>
Fund balance at end of year	<u>\$ 152,221</u>	<u>\$ 152,221</u>	<u>\$ 151,621</u>	<u>\$ (600)</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MUSEUM TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Donations	\$ 10,000	\$ 10,000	\$ 7,048	\$ (2,952)
Other	-	-	10,000	10,000
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>17,048</u>	<u>7,048</u>
Expenditures:				
Current:				
General Government:				
Trust Fund:				
Operating	11,800	17,608	12,683	4,925
Total expenditures	<u>11,800</u>	<u>17,608</u>	<u>12,683</u>	<u>4,925</u>
Net change in fund balance	(1,800)	(7,608)	4,365	11,973
Fund balance at beginning of year	18,577	18,577	18,577	-
Fund balance at end of year	<u>\$ 16,777</u>	<u>\$ 10,969</u>	<u>\$ 22,942</u>	<u>\$ 11,973</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
POLICE PENSION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 92,690	\$ 92,690	\$ 93,806	\$ 1,116
Intergovernmental	12,600	12,600	10,993	(1,607)
Total revenues	<u>105,290</u>	<u>105,290</u>	<u>104,799</u>	<u>(491)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police Pension:				
Salaries and wages	500,841	500,000	474,128	25,872
Operating	1,259	2,100	1,190	910
Total expenditures	<u>502,100</u>	<u>502,100</u>	<u>475,318</u>	<u>26,782</u>
Excess of expenditures over revenues . . .	<u>(396,810)</u>	<u>(396,810)</u>	<u>(370,519)</u>	<u>26,291</u>
Other financing sources:				
Transfers in	400,000	400,000	400,000	-
Total other financing sources	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance.	3,190	3,190	29,481	26,291
Fund balance at beginning of year. . . .	<u>30,022</u>	<u>30,022</u>	<u>30,022</u>	<u>-</u>
Fund balance at end of year	<u>\$ 33,212</u>	<u>\$ 33,212</u>	<u>\$ 59,503</u>	<u>\$ 26,291</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FIRE PENSION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 92,690	\$ 92,690	\$ 93,805	\$ 1,115
Intergovernmental	12,600	12,600	10,993	(1,607)
Total revenues	<u>105,290</u>	<u>105,290</u>	<u>104,798</u>	<u>(492)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire Pension:				
Salaries and wages	510,650	510,650	485,428	25,222
Operating	2,100	2,100	1,189	911
Total expenditures	<u>512,750</u>	<u>512,750</u>	<u>486,617</u>	<u>26,133</u>
Excess of expenditures over revenues . . .	<u>(407,460)</u>	<u>(407,460)</u>	<u>(381,819)</u>	<u>25,641</u>
Other financing sources:				
Transfers in	400,000	400,000	373,000	(27,000)
Total other financing sources	<u>400,000</u>	<u>400,000</u>	<u>373,000</u>	<u>(27,000)</u>
Net change in fund balance.	(7,460)	(7,460)	(8,819)	(1,359)
Fund balance at beginning of year. . . .	8,853	8,853	8,853	-
Fund balance at end of year	<u>\$ 1,393</u>	<u>\$ 1,393</u>	<u>\$ 34</u>	<u>\$ (1,359)</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LAW ENFORCEMENT TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 2,432	\$ 432
Donations	5,000	5,000	8,147	3,147
Other	-	-	847	847
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>11,426</u>	<u>4,426</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Operating	<u>37,000</u>	<u>40,076</u>	<u>22,329</u>	<u>17,747</u>
Total expenditures	<u>37,000</u>	<u>40,076</u>	<u>22,329</u>	<u>17,747</u>
Net change in fund balance.	(30,000)	(33,076)	(10,903)	22,173
Fund balance at beginning of year.	60,082	60,082	60,082	-
Fund balance at end of year	<u>\$ 30,082</u>	<u>\$ 27,006</u>	<u>\$ 49,179</u>	<u>\$ 22,173</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FIRE AND RESCUE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 47,744	\$ (256)
Donations.	-	-	8,763	8,763
Total revenues	<u>48,000</u>	<u>48,000</u>	<u>56,507</u>	<u>8,507</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Operating	<u>122,173</u>	<u>126,271</u>	<u>126,236</u>	<u>35</u>
Total expenditures	<u>122,173</u>	<u>126,271</u>	<u>126,236</u>	<u>35</u>
Net change in fund balance.	(74,173)	(78,271)	(69,729)	8,542
Fund balance at beginning of year.	111,819	111,819	111,819	-
Fund balance at end of year	<u>\$ 37,646</u>	<u>\$ 33,548</u>	<u>\$ 42,090</u>	<u>\$ 8,542</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FIRE DAMAGE REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 32,000	\$ 32,000
Total revenues	<u>-</u>	<u>-</u>	<u>32,000</u>	<u>32,000</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Operating	54,000	140,222	140,222	-
Total expenditures	<u>54,000</u>	<u>140,222</u>	<u>140,222</u>	<u>-</u>
Net change in fund balance.	(54,000)	(140,222)	(108,222)	32,000
Fund balance at beginning of year. . . .	54,222	54,222	54,222	-
Prior year encumbrances appropriated .	54,000	54,000	54,000	-
Fund balance (deficit) at end of year . .	<u>\$ 54,222</u>	<u>\$ (32,000)</u>	<u>\$ -</u>	<u>\$ 32,000</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PARK AND RECREATION TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year. . . .	\$ 11,316	\$ 11,316	\$ 11,316	\$ -
Fund balance at end of year	<u>\$ 11,316</u>	<u>\$ 11,316</u>	<u>\$ 11,316</u>	<u>\$ -</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROBATION INCENTIVE GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 31,886	\$ 31,886	\$ 31,886	\$ -
Other	-	-	9	9
Total revenues	<u>31,886</u>	<u>31,886</u>	<u>31,895</u>	<u>9</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Service:				
Salaries and wages	23,871	44,275	37,661	6,614
Operating	<u>6,834</u>	<u>12,676</u>	<u>11,368</u>	<u>1,308</u>
Total expenditures	<u>30,705</u>	<u>56,951</u>	<u>49,029</u>	<u>7,922</u>
Net change in fund balance.	1,181	(25,065)	(17,134)	7,931
Fund balance at beginning of year.	<u>36,461</u>	<u>36,461</u>	<u>36,461</u>	<u>-</u>
Fund balance at end of year	<u>\$ 37,642</u>	<u>\$ 11,396</u>	<u>\$ 19,327</u>	<u>\$ 7,931</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LOCAL CORONAVIRUS RELIEF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital Outlay:				
Operating.	\$ 1,749,385	\$ 1,749,385	\$ 1,749,385	\$ -
Total capital outlay.	<u>1,749,385</u>	<u>1,749,385</u>	<u>1,749,385</u>	<u>-</u>
Total expenditures	<u>1,749,385</u>	<u>1,749,385</u>	<u>1,749,385</u>	<u>-</u>
Net change in fund balance.	(1,749,385)	(1,749,385)	(1,749,385)	-
Fund balance at beginning of year. . . .	-	-	-	-
Prior year encumbrances appropriated .	<u>1,749,385</u>	<u>1,749,385</u>	<u>1,749,385</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OPIOID SETTLEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 5,639	\$ 5,639	\$ 25,540	\$ 19,901
Total revenues	<u>5,639</u>	<u>5,639</u>	<u>25,540</u>	<u>19,901</u>
Net change in fund balance.	5,639	5,639	25,540	19,901
Fund balance at beginning of year.	5,693	5,693	5,693	-
Fund balance at end of year	<u>\$ 11,332</u>	<u>\$ 11,332</u>	<u>\$ 31,233</u>	<u>\$ 19,901</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
UNCLAIMED MONIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 2,148	\$ 2,148
Total revenues	<u>-</u>	<u>-</u>	<u>2,148</u>	<u>2,148</u>
Net change in fund balance.	-	-	2,148	2,148
Fund balance at beginning of year.	22,199	22,199	22,199	-
Fund balance at end of year	<u>\$ 22,199</u>	<u>\$ 22,199</u>	<u>\$ 24,347</u>	<u>\$ 2,148</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HEALTH CARE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 3,400	\$ 3,400	\$ 2,516	\$ (884)
Other	3,900,000	3,900,000	3,723,475	(176,525)
Total revenues	<u>3,903,400</u>	<u>3,903,400</u>	<u>3,725,991</u>	<u>(177,409)</u>
Expenditures:				
Current:				
General Government:				
Insurance Premiums:				
Personal services	3,900,000	3,901,000	3,900,883	117
Total expenditures	<u>3,900,000</u>	<u>3,901,000</u>	<u>3,900,883</u>	<u>117</u>
Net change in fund balance.	3,400	2,400	(174,892)	(177,292)
Fund balance at beginning of year.	231,055	231,055	231,055	-
Prior year encumbrances appropriated	1,000	1,000	1,000	-
Fund balance at end of year	<u>\$ 235,455</u>	<u>\$ 234,455</u>	<u>\$ 57,163</u>	<u>\$ (177,292)</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
BOND RETIREMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 105,000	\$ 105,000	\$ 103,565	\$ (1,435)
Total revenues.	<u>105,000</u>	<u>105,000</u>	<u>103,565</u>	<u>(1,435)</u>
Expenditures:				
Current:				
General Government:				
County and State Charges:				
Operating	3,568	3,570	3,570	-
Total county and state charges.	<u>3,568</u>	<u>3,570</u>	<u>3,570</u>	<u>-</u>
Debt Service:				
Principal retirement	101,002	101,070	101,070	-
Total debt service	<u>101,002</u>	<u>101,070</u>	<u>101,070</u>	<u>-</u>
Total expenditures	<u>104,570</u>	<u>104,640</u>	<u>104,640</u>	<u>-</u>
Net change in fund balance.	430	360	(1,075)	(1,435)
Fund balance at beginning of year.	647,486	647,486	647,486	-
Fund balance at end of year	<u><u>\$ 647,916</u></u>	<u><u>\$ 647,846</u></u>	<u><u>\$ 646,411</u></u>	<u><u>\$ (1,435)</u></u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COMMERCE DRIVE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt Service:				
Principal retirement	\$ 122,072	\$ 122,072	\$ 122,072	\$ -
Interest and fiscal charges	42,447	42,447	42,447	-
Total debt service	<u>164,519</u>	<u>164,519</u>	<u>164,519</u>	<u>-</u>
Total expenditures	<u>164,519</u>	<u>164,519</u>	<u>164,519</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(164,519)</u>	<u>(164,519)</u>	<u>(164,519)</u>	<u>-</u>
Other financing sources:				
Transfers in	<u>164,519</u>	<u>164,519</u>	<u>164,526</u>	<u>7</u>
Total other financing sources.	<u>164,519</u>	<u>164,519</u>	<u>164,526</u>	<u>7</u>
Net change in fund balance.	-	-	7	7
Fund balance at beginning of year.	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 11</u>	<u>\$ 7</u>

CITY OF DEFIANCE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SPLASH PAD TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt service:				
Principal retirement	\$ 194,000	\$ 194,000	\$ 194,000	\$ -
Interest and fiscal charges	5,549	5,699	5,692	7
Total debt service	<u>199,549</u>	<u>199,699</u>	<u>199,692</u>	<u>7</u>
Total expenditures.	<u>199,549</u>	<u>199,699</u>	<u>199,692</u>	<u>7</u>
Excess of expenditures over revenues . . .	<u>(199,549)</u>	<u>(199,699)</u>	<u>(199,692)</u>	<u>7</u>
Other financing sources:				
Transfers in	<u>198,356</u>	<u>198,356</u>	<u>198,581</u>	<u>225</u>
Total other financing sources	<u>198,356</u>	<u>198,356</u>	<u>198,581</u>	<u>225</u>
Net change in fund balance.	(1,193)	(1,343)	(1,111)	232
Fund balance at beginning of year. . . .	<u>1,271</u>	<u>1,271</u>	<u>1,271</u>	<u>-</u>
Fund balance (deficit) at end of year . .	<u>\$ 78</u>	<u>\$ (72)</u>	<u>\$ 160</u>	<u>\$ 232</u>

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CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

Major Enterprise Funds

Sewer Fund

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

Water Fund

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

Nonmajor Enterprise Funds

Refuse Fund

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

Utility Deposit Fund

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

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2023

	Refuse	Utility Deposit	Total Nonmajor Enterprise Funds
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 169,435	\$ -	\$ 169,435
Receivables (net of allowance for uncollectibles):			
Accounts	27,795	-	27,795
Total current assets.	197,230	-	197,230
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents. . .	-	383,216	383,216
Cash in segregated accounts	79,620	-	79,620
Total noncurrent assets	79,620	383,216	462,836
Total assets	276,850	383,216	660,066
Liabilities:			
Payable from restricted assets:			
Refundable deposits	-	383,216	383,216
Total liabilities	-	383,216	383,216
Net position:			
Unrestricted	276,850	-	276,850
Total net position	\$ 276,850	\$ -	\$ 276,850

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Refuse	Total Nonmajor Enterprise Funds
Operating revenues:		
Charges for services	\$ 1,088,392	\$ 1,088,392
Total operating revenues	1,088,392	1,088,392
Operating expenses:		
Utilities	1,074,419	1,074,419
Total operating expenses	1,074,419	1,074,419
Change in net position.	13,973	13,973
Net position at beginning of year.	262,877	262,877
Net position at end of year	\$ 276,850	\$ 276,850

CITY OF DEFIANCE, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Refuse	Utility Deposit	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from charges for services.	\$ 1,088,640	\$ (4,555)	\$ 1,084,085
Cash payments for utilities.	(1,074,419)	-	(1,074,419)
Net cash provided by (used in) operating activities	14,221	(4,555)	9,666
Net change in cash and cash equivalents	14,221	(4,555)	9,666
Cash and cash equivalents at beginning of year . . .	234,834	387,771	622,605
Cash and cash equivalents at end of year	\$ 249,055	\$ 383,216	\$ 632,271
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 13,973	\$ -	\$ 13,973
Changes in assets and liabilities:			
Change in accounts receivable	248	-	248
Change in utility deposits payable	-	(4,555)	(4,555)
Net cash provided by (used in) operating activities	\$ 14,221	\$ (4,555)	\$ 9,666

CITY OF DEFIANCE, OHIO

FUND DESCRIPTIONS - FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

CUSTODIAL FUND

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

Municipal Court Fund

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

STATISTICAL SECTION

CITY OF DEFIANCE, OHIO
STATISTICAL SECTION

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

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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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental activities:				
Net investment in capital assets	\$ 31,571,924	\$ 29,685,536	\$ 28,418,498	\$ 26,012,948
Restricted for:				
Capital projects	160	1,696,206	5,120	1,013,383
Debt service	760,498	761,807	766,547	766,012
Transportation projects	424,685	411,105	293,335	260,362
Safety projects	208,056	461,562	399,070	367,872
Special projects	513,195	478,732	456,680	478,583
Community environment projects	-	-	-	34,824
Economic development projects	1,770,633	1,726,998	1,278,061	1,356,350
Health projects	39,387	12,775	6,133	5,287
Museum trust	685,081	643,133	739,999	663,389
Other purposes	332,798	377,839	393,757	494,603
Unrestricted (deficit)	<u>(7,190,095)</u>	<u>(8,851,427)</u>	<u>(8,072,475)</u>	<u>(12,897,102)</u>
Total governmental activities	<u>29,116,322</u>	<u>27,404,266</u>	<u>24,684,725</u>	<u>18,556,511</u>
Business-type activities:				
Net investment in capital assets	52,040,995	48,811,785	45,930,518	44,812,994
Restricted for:				
Other purposes	43,978	-	-	-
Unrestricted	<u>4,776,762</u>	<u>6,046,230</u>	<u>4,953,840</u>	<u>1,597,298</u>
Total business-type activities	<u>56,861,735</u>	<u>54,858,015</u>	<u>50,884,358</u>	<u>46,410,292</u>
Total primary government:				
Net investment in capital assets	83,612,919	78,497,321	74,349,016	70,825,942
Restricted	4,778,471	6,570,157	4,338,702	5,440,665
Unrestricted (deficit)	<u>(2,413,333)</u>	<u>(2,805,197)</u>	<u>(3,118,635)</u>	<u>(11,299,804)</u>
Total primary government	<u>\$ 85,978,057</u>	<u>\$ 82,262,281</u>	<u>\$ 75,569,083</u>	<u>\$ 64,966,803</u>

	2019	2018	2017	2016	2015	2014
\$	22,525,710	\$ 20,731,337	\$ 17,918,840	\$ 16,547,338	\$ 14,972,611	\$ 14,422,564
	5,541	16,045	230,490	178,127	-	48,399
	724,312	727,762	715,831	722,733	720,585	714,360
	234,083	209,713	307,179	427,612	804,151	892,276
	281,348	318,949	374,231	455,825	527,162	506,120
	509,327	472,256	428,765	378,716	344,976	315,471
	43,751	41,132	61,637	41,220	54,699	16,832
	1,396,153	1,461,066	1,469,015	1,774,767	1,943,972	2,214,522
	5,517	4,702	3,919	3,161	1,422	526
	592,939	510,001	386,049	332,600	-	-
	438,440	400,524	384,394	297,697	423,454	261,533
	(12,137,396)	(17,439,157)	(12,862,265)	(3,140,465)	(2,901,972)	(4,364,958)
	<u>14,619,725</u>	<u>7,454,330</u>	<u>9,418,085</u>	<u>18,019,331</u>	<u>16,891,060</u>	<u>15,027,645</u>
	41,221,061	37,714,003	35,185,014	32,132,408	28,739,028	26,579,042
	-	-	-	-	-	-
	2,553,073	4,054,501	4,915,912	7,059,023	7,495,520	6,746,040
	<u>43,774,134</u>	<u>41,768,504</u>	<u>40,100,926</u>	<u>39,191,431</u>	<u>36,234,548</u>	<u>33,325,082</u>
	63,746,771	58,445,340	53,103,854	48,679,746	43,711,639	41,001,606
	4,231,411	4,162,150	4,361,510	4,612,458	4,820,421	4,970,039
	(9,584,323)	(13,384,656)	(7,946,353)	3,918,558	4,593,548	2,381,082
\$	<u>58,393,859</u>	<u>\$ 49,222,834</u>	<u>\$ 49,519,011</u>	<u>\$ 57,210,762</u>	<u>\$ 53,125,608</u>	<u>\$ 48,352,727</u>

CITY OF DEFIANCE, OHIO

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Program revenues:				
Governmental activities:				
Charges for services and sales:				
General government	\$ 467,485	\$ 553,955	\$ 556,426	\$ 613,679
Security of persons and property	1,237,671	1,225,618	1,160,215	1,171,351
Public health and welfare	78,889	67,724	98,514	83,646
Community environment	116,849	110,741	109,770	93,248
Leisure time activity	25,578	32,048	22,266	2,000
Economic development	-	-	-	-
Operating grants and contributions	1,887,490	2,030,177	1,702,822	3,238,068
Capital grants and contributions	2,725,910	602,822	2,657,075	2,019,938
Total governmental activities	<u>6,539,872</u>	<u>4,623,085</u>	<u>6,307,088</u>	<u>7,221,930</u>
Business-type activities:				
Charges for services and sales:				
Sewer	7,024,242	7,300,171	7,240,621	7,108,089
Water	6,992,542	7,245,020	7,004,570	6,440,487
Refuse	1,088,392	1,103,676	977,184	1,130,337
Capital grants and contributions	238,437	425,233	236,976	27,083
Total business-type activities	<u>15,343,613</u>	<u>16,074,100</u>	<u>15,459,351</u>	<u>14,705,996</u>
Total primary government	<u>\$ 21,883,485</u>	<u>\$ 20,697,185</u>	<u>\$ 21,766,439</u>	<u>\$ 21,927,926</u>
Expenses:				
Governmental activities:				
General government	\$ 4,664,353	\$ 3,733,337	\$ 2,854,016	\$ 3,804,175
Security of persons and property	9,902,022	7,996,746	7,931,038	8,462,178
Public health and welfare	730,256	552,739	572,295	395,628
Transportation	2,735,624	2,400,745	2,019,417	2,158,810
Community environment	1,108,381	610,028	145,713	746,462
Leisure time activity	1,542,682	1,026,458	587,693	616,210
Economic development	177,702	233,792	173,360	327,664
Interest and fiscal charges	204,583	221,174	140,158	228,526
Total governmental activities	<u>21,065,603</u>	<u>16,775,019</u>	<u>14,423,690</u>	<u>16,739,653</u>
Business-type activities:				
Sewer	6,113,560	5,355,292	5,409,481	5,757,708
Water	7,036,202	5,756,541	4,625,428	5,481,227
Refuse	1,074,419	1,074,012	1,016,865	1,048,600
Total business-type activities	<u>14,224,181</u>	<u>12,185,845</u>	<u>11,051,774</u>	<u>12,287,535</u>
Total primary government	<u>\$ 35,289,784</u>	<u>\$ 28,960,864</u>	<u>\$ 25,475,464</u>	<u>\$ 29,027,188</u>
Net (expense) revenue:				
Governmental activities	\$ (14,525,731)	\$ (12,151,934)	\$ (8,116,602)	\$ (9,517,723)
Business-type activities	1,119,432	3,888,255	4,407,577	2,418,461
Total primary government	<u>\$ (13,406,299)</u>	<u>\$ (8,263,679)</u>	<u>\$ (3,709,025)</u>	<u>\$ (7,099,262)</u>

2019	2018	2017	2016	2015	2014
\$ 639,330	\$ 645,560	\$ 637,646	\$ 596,553	\$ 586,116	\$ 442,820
1,275,018	1,242,279	1,093,831	1,076,534	1,171,564	1,060,229
71,663	63,167	69,450	85,339	66,674	105,452
146,803	94,890	113,649	104,629	90,988	98,521
30,482	26,432	32,492	32,632	22,450	15,065
96,670	127,841	118,907	116,665	110,454	128,563
1,762,295	1,437,649	1,340,732	1,413,213	1,863,760	1,613,806
1,065,338	936,029	793,763	2,561,591	677,251	475,707
<u>5,087,599</u>	<u>4,573,847</u>	<u>4,200,470</u>	<u>5,987,156</u>	<u>4,589,257</u>	<u>3,940,163</u>
7,412,701	7,289,055	7,274,344	7,033,171	7,036,691	6,842,532
5,826,201	5,587,145	5,559,843	5,919,633	5,931,419	5,800,439
934,540	983,244	964,424	952,016	945,507	907,542
187,930	166,875	505,586	287,275	239,844	414,190
<u>14,361,372</u>	<u>14,026,319</u>	<u>14,304,197</u>	<u>14,192,095</u>	<u>14,153,461</u>	<u>13,964,703</u>
<u>\$ 19,448,971</u>	<u>\$ 18,600,166</u>	<u>\$ 18,504,667</u>	<u>\$ 20,179,251</u>	<u>\$ 18,742,718</u>	<u>\$ 17,904,866</u>
\$ 4,271,614	\$ 3,816,649	\$ 3,644,171	\$ 3,585,624	\$ 3,641,100	\$ 2,943,207
1,838,646	8,250,948	7,320,631	7,462,722	6,405,325	5,490,081
463,193	408,324	361,793	413,763	333,559	283,541
2,186,816	2,166,138	1,977,817	2,875,847	1,785,648	1,726,774
981,167	881,242	791,726	586,442	424,611	422,575
863,666	869,990	787,699	878,295	722,802	647,226
145,816	2,225,249	363,603	283,231	662,026	458,031
200,761	169,254	117,760	118,987	119,328	118,383
<u>10,951,679</u>	<u>18,787,794</u>	<u>15,365,200</u>	<u>16,204,911</u>	<u>14,094,399</u>	<u>12,089,818</u>
6,012,562	5,839,400	5,783,646	5,358,623	5,386,271	4,955,025
5,560,402	5,410,444	5,440,424	5,033,472	4,920,630	4,448,309
990,111	1,291,284	938,888	1,038,273	1,011,149	973,524
<u>12,563,075</u>	<u>12,541,128</u>	<u>12,162,958</u>	<u>11,430,368</u>	<u>11,318,050</u>	<u>10,376,858</u>
<u>\$ 23,514,754</u>	<u>\$ 31,328,922</u>	<u>\$ 27,528,158</u>	<u>\$ 27,635,279</u>	<u>\$ 25,412,449</u>	<u>\$ 22,466,676</u>
\$ (5,864,080)	\$ (14,213,947)	\$ (11,164,730)	\$ (10,217,755)	\$ (9,505,142)	\$ (8,149,655)
1,798,297	1,485,191	2,141,239	2,761,727	2,835,411	3,587,845
<u>\$ (4,065,783)</u>	<u>\$ (12,728,756)</u>	<u>\$ (9,023,491)</u>	<u>\$ (7,456,028)</u>	<u>\$ (6,669,731)</u>	<u>\$ (4,561,810)</u>

CITY OF DEFIANCE, OHIO

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General revenues and other changes in net position:				
Governmental activities:				
Income taxes levied for:				
General purposes	\$ 9,144,132	\$ 8,700,199	\$ 8,004,672	\$ 7,110,922
Special purposes	2,343,089	2,212,830	2,053,984	1,787,636
Capital purposes	2,304,383	2,176,277	2,023,198	1,683,991
Property taxes levied for:				
General purposes	650,460	658,316	627,973	589,906
Special purposes	587,959	598,326	495,091	453,367
Grants and entitlements not restricted to specific programs	576,273	578,610	549,519	347,125
Permissive motor vehicle license tax	82,760	-	-	-
Investment earnings	298,543	88,397	95,488	123,741
Change in fair value of investments	293,018	(644,596)	(136,544)	314,194
Miscellaneous	497,008	487,627	515,946	1,028,138
Transfers	(539,838)	15,489	15,489	15,489
Total governmental activities	<u>16,237,787</u>	<u>14,871,475</u>	<u>14,244,816</u>	<u>13,454,509</u>
Business-type activities:				
Investment earnings	203,820	66,898	65,369	96,399
Miscellaneous	140,630	33,993	16,609	136,787
Transfers	539,838	(15,489)	(15,489)	(15,489)
Total business-type activities	<u>884,288</u>	<u>85,402</u>	<u>66,489</u>	<u>217,697</u>
Total primary government	<u>\$ 17,122,075</u>	<u>\$ 14,956,877</u>	<u>\$ 14,311,305</u>	<u>\$ 13,672,206</u>
Change in net position:				
Governmental activities	\$ 1,712,056	\$ 2,719,541	\$ 6,128,214	\$ 3,936,786
Business-type activities	2,003,720	3,973,657	4,474,066	2,636,158
Total primary government	<u>\$ 3,715,776</u>	<u>\$ 6,693,198</u>	<u>\$ 10,602,280</u>	<u>\$ 6,572,944</u>

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	7,159,892	\$ 6,949,666	\$ 6,871,036	\$ 6,527,709	\$ 6,481,829	\$ 6,015,181
	1,851,209	1,776,295	1,758,540	1,658,961	1,642,395	1,495,912
	1,820,629	1,746,952	1,729,490	1,631,555	1,628,533	1,521,532
	611,307	577,777	560,928	603,781	593,210	620,421
	539,819	550,250	540,131	520,946	487,238	439,290
	314,117	277,998	256,159	276,974	249,294	387,599
	-	-	-	-	-	-
	163,562	136,595	109,024	65,862	38,491	5,153
	249,100	(76,555)	(8,649)	10,967	(17,150)	-
	304,351	148,069	204,560	142,151	258,453	431,790
	15,489	(15,718)	(48,876)	(92,880)	6,264	(1,737,268)
	<u>13,029,475</u>	<u>12,071,329</u>	<u>11,972,343</u>	<u>11,346,026</u>	<u>11,368,557</u>	<u>9,179,610</u>
	152,184	136,321	106,219	74,504	43,082	37,063
	70,638	26,237	71,863	27,772	37,237	63,592
	(15,489)	15,718	48,876	92,880	(6,264)	1,737,268
	<u>207,333</u>	<u>178,276</u>	<u>226,958</u>	<u>195,156</u>	<u>74,055</u>	<u>1,837,923</u>
\$	<u>13,236,808</u>	<u>12,249,605</u>	<u>12,199,301</u>	<u>11,541,182</u>	<u>11,442,612</u>	<u>11,017,533</u>
\$	7,165,395	\$ (2,142,618)	\$ 807,613	\$ 1,128,271	\$ 1,863,415	\$ 1,029,955
	2,005,630	1,663,467	2,368,197	2,956,883	2,909,466	5,425,768
\$	<u>9,171,025</u>	<u>(479,151)</u>	<u>3,175,810</u>	<u>4,085,154</u>	<u>4,772,881</u>	<u>6,455,723</u>

CITY OF DEFIANCE, OHIO

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General fund:				
Nonspendable	\$ 24,347	\$ 22,199	\$ 17,768	\$ 16,132
Assigned	431,100	923,038	533,835	935,795
Unassigned	<u>6,835,598</u>	<u>6,023,436</u>	<u>6,114,709</u>	<u>4,713,906</u>
Total general fund	<u>7,291,045</u>	<u>6,968,673</u>	<u>6,666,312</u>	<u>5,665,833</u>
All other governmental funds:				
Nonspendable	49,493	60,230	67,428	57,094
Restricted	5,051,489	5,149,756	5,135,838	5,579,091
Committed	1,989,365	3,392,991	1,084,232	2,151,492
Assigned	11	4	3	2
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>7,090,358</u>	<u>8,602,981</u>	<u>6,287,501</u>	<u>7,787,679</u>
Total governmental funds	<u>\$ 14,381,403</u>	<u>\$ 15,571,654</u>	<u>\$ 12,953,813</u>	<u>\$ 13,453,512</u>

2019	2018	2017	2016	2015	2014
\$ 5,792	\$ 5,748	\$ 3,785	\$ 3,677	\$ 3,488	\$ 1,414
691,268	1,420,441	325,076	351,793	61,305	81,324
3,785,296	3,297,366	4,059,005	3,505,898	3,176,273	2,538,419
4,482,356	4,723,555	4,387,866	3,861,368	3,241,066	2,621,157
57,094	33,990	25,796	45,395	62,290	47,100
4,883,331	4,641,501	4,508,700	4,865,781	5,080,218	4,651,756
1,180,411	479,067	1,080,278	535,260	1,200,258	867,404
1	-	-	-	-	-
(2,402)	-	(105,436)	-	-	(90,666)
6,118,435	5,154,558	5,509,338	5,446,436	6,342,766	5,475,594
\$ 10,600,791	\$ 9,878,113	\$ 9,897,204	\$ 9,307,804	\$ 9,583,832	\$ 8,096,751

CITY OF DEFIANCE, OHIO

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:				
Income taxes	\$ 13,331,901	\$ 13,370,159	\$ 12,025,606	\$ 10,339,096
Property and other local taxes	1,322,679	1,262,021	1,149,424	1,043,729
Payments in lieu of taxes	-	19,315	-	-
Charges for services	943,178	877,266	830,085	756,636
Licenses, permits and fees	248,961	339,858	385,874	293,411
Fines and forfeitures	588,856	581,920	557,316	483,831
Intergovernmental	5,099,740	3,138,835	4,830,108	5,614,129
Special assessments	103,565	105,402	113,714	118,686
Investment income	336,472	113,799	119,715	154,474
Rental income	21,275	-	-	-
Donations	62,363	85,666	135,537	185,647
Change in fair value of investments	293,018	(644,596)	(136,544)	314,194
Other	404,899	464,916	451,744	1,019,693
Total revenues	<u>22,756,907</u>	<u>19,714,561</u>	<u>20,462,579</u>	<u>20,323,526</u>
Expenditures:				
Current:				
General government	4,155,929	4,294,757	3,533,077	3,672,888
Security of persons and property	8,818,334	8,023,789	7,542,017	7,366,041
Public health and welfare	542,591	463,364	445,749	515,077
Transportation	1,154,464	1,205,462	1,074,378	1,099,409
Community environment	774,797	729,741	680,874	621,839
Leisure time activity	1,091,202	815,009	765,766	562,927
Economic development	177,702	233,792	173,360	327,664
Capital outlay	6,356,328	2,515,473	6,138,987	3,967,576
Debt service:				
Principal retirement	1,126,167	1,015,135	925,944	719,898
Interest and fiscal charges	210,213	138,832	155,456	151,465
Bond issuance costs	-	91,308	-	86,815
Total expenditures	<u>24,407,727</u>	<u>19,526,662</u>	<u>21,435,608</u>	<u>19,091,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,650,820)</u>	<u>187,899</u>	<u>(973,029)</u>	<u>1,231,927</u>
Other financing sources (uses):				
Payment to refunded bond escrow agent	-	-	-	(2,546,709)
Premium on notes issued	-	-	-	-
Bond issuance	-	2,180,000	-	3,565,000
Premium on bond issuance	-	35,809	-	81,458
Lease transaction	367,960	150,185	347,203	320,345
Transfers in	6,077,596	5,269,508	5,024,143	4,754,209
Transfers (out)	(6,062,107)	(5,254,019)	(5,008,654)	(4,738,720)
Issuance of loans	-	-	-	-
Sale of capital assets	77,120	48,459	110,638	185,211
Total other financing sources (uses)	<u>460,569</u>	<u>2,429,942</u>	<u>473,330</u>	<u>1,620,794</u>
Net change in fund balances	<u>\$ (1,190,251)</u>	<u>\$ 2,617,841</u>	<u>\$ (499,699)</u>	<u>\$ 2,852,721</u>
Capital expenditures	\$ 5,433,523	\$ 2,363,971	\$ 6,182,731	\$ 5,444,187
Debt service as a percentage of noncapital expenditures	7.04%	6.72%	7.09%	6.38%

	2019	2018	2017	2016	2015	2014
\$	10,895,274	\$ 10,449,350	\$ 10,525,260	\$ 9,819,596	\$ 9,731,224	\$ 9,059,983
	1,142,991	1,145,427	1,108,298	1,115,263	1,093,043	1,031,890
	-	-	-	-	-	-
	710,456	690,802	654,361	682,231	752,932	677,255
	367,730	322,344	303,024	264,417	288,432	303,813
	717,982	755,519	830,344	745,139	736,546	741,019
	3,222,914	2,488,778	2,324,995	3,933,444	2,782,356	2,346,937
	124,530	115,280	138,504	119,791	122,734	34,246
	200,368	171,684	137,310	102,619	87,084	57,564
	-	-	-	-	-	-
	165,250	299,308	160,970	415,498	123,066	52,343
	249,100	(76,555)	(8,649)	10,967	(17,150)	-
	345,641	453,559	232,926	153,871	285,692	429,910
	<u>18,142,236</u>	<u>16,815,496</u>	<u>16,407,343</u>	<u>17,362,836</u>	<u>15,985,959</u>	<u>14,734,960</u>
	3,406,703	3,298,065	3,186,798	3,091,634	3,400,259	2,845,060
	7,700,894	6,867,820	6,498,441	6,387,578	6,007,907	5,505,787
	313,033	310,489	275,466	291,343	282,332	252,955
	973,132	1,044,641	1,065,310	1,401,327	933,455	873,971
	711,550	733,652	639,132	483,181	385,516	407,403
	703,338	656,339	624,519	650,598	615,564	557,923
	145,816	2,225,249	562,262	386,731	662,026	492,102
	2,772,141	5,000,472	2,514,477	4,516,353	1,795,440	2,551,370
	712,564	326,312	320,558	319,823	318,923	331,625
	201,058	124,779	129,861	121,399	121,741	120,850
	-	13,000	-	-	-	-
	<u>17,640,229</u>	<u>20,600,818</u>	<u>15,816,824</u>	<u>17,649,967</u>	<u>14,523,163</u>	<u>13,939,046</u>
	502,007	(3,785,322)	590,519	(287,131)	1,462,796	795,914
	-	-	-	-	-	-
	-	-	9,616	-	-	-
	-	3,363,000	-	-	-	-
	-	-	-	-	-	-
	196,924	-	-	-	-	196,890
	5,743,508	5,543,926	4,748,928	4,264,652	4,260,305	4,200,300
	(5,728,019)	(5,528,437)	(4,777,509)	(4,258,724)	(4,254,041)	(4,167,713)
	-	-	-	-	-	110,722
	8,258	116,961	17,846	5,175	18,021	-
	<u>220,671</u>	<u>3,495,450</u>	<u>(1,119)</u>	<u>11,103</u>	<u>24,285</u>	<u>340,199</u>
\$	<u>722,678</u>	<u>(289,872)</u>	<u>589,400</u>	<u>(276,028)</u>	<u>1,487,081</u>	<u>1,136,113</u>
\$	2,819,516	\$ 4,809,994	\$ 2,749,728	\$ 3,387,670	\$ 1,705,584	\$ 1,314,436
	6.16%	2.86%	3.45%	3.09%	3.44%	3.58%

CITY OF DEFIANCE, OHIO

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Income tax rate	1.80%	1.80%	1.80%	1.80%
Income tax receipts:				
Employee withholding	\$ 9,513,191	\$ 9,171,319	\$ 8,602,836	\$ 8,158,736
% of total	71.0%	69.2%	72.1%	77.6%
Corporate	2,771,089	2,970,415	2,212,604	1,325,483
% of total	20.7%	22.4%	18.5%	12.6%
Individuals	1,117,416	1,109,039	1,123,380	1,031,047
% of total	8.3%	8.4%	9.4%	9.8%
Total income tax receipts	<u>\$ 13,401,696</u>	<u>\$ 13,250,773</u>	<u>\$ 11,938,820</u>	<u>\$ 10,515,266</u>

Source: City of Defiance Income Tax

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
\$	8,101,466	\$ 7,936,162	\$ 7,651,716	\$ 7,264,772	\$ 6,966,593	\$ 6,515,630
	74.3%	76.8%	73.9%	73.0%	72.6%	73.2%
	1,758,665	1,411,990	1,693,685	1,470,360	1,561,195	1,417,159
	16.1%	13.7%	16.4%	14.8%	16.3%	15.9%
	1,038,572	979,305	1,004,008	1,223,337	1,072,016	962,614
	9.5%	9.5%	9.7%	12.3%	11.2%	10.8%
	<u>\$ 10,898,703</u>	<u>\$ 10,327,457</u>	<u>\$ 10,349,409</u>	<u>\$ 9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>

CITY OF DEFIANCE, OHIO

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate Components:				
General operations	1.195%	1.195%	1.195%	1.195%
Police and fire	0.3%	0.3%	0.3%	0.3%
Capital improvements	0.3%	0.3%	0.3%	0.3%
Street maintenance	0.005%	0.005%	0.005%	0.005%
Total income tax rate	<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>
Allocation of Receipts:				
General fund	\$ 8,896,045	\$ 8,795,863	\$ 7,924,989	\$ 6,980,033
% of total	66.38%	66.38%	66.38%	66.85%
Police and fire fund	2,234,063	2,208,904	1,990,201	1,752,895
% of total	16.67%	16.67%	16.67%	16.79%
Capital improvements fund	2,234,063	2,208,904	1,990,201	1,678,781
% of total	16.67%	16.67%	16.67%	16.08%
SCMR fund (street maintenance)	37,525	37,102	33,429	29,443
% of total	0.28%	0.28%	0.28%	0.28%
Total income tax allocated	<u>\$ 13,401,696</u>	<u>\$ 13,250,773</u>	<u>\$ 11,938,820</u>	<u>\$ 10,441,152</u>

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

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

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

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

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

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

Source: City of Defiance Income Tax Division.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
1.195%	1.195%	1.195%	1.195%	1.195%	1.195%
0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>	<u>1.80%</u>
\$ 7,234,559	\$ 6,855,366	\$ 6,869,938	\$ 6,610,431	\$ 6,381,313	\$ 6,110,345
66.38%	66.38%	66.38%	66.38%	66.47%	68.69%
1,816,814	1,721,587	1,725,247	1,660,077	1,589,045	1,225,003
16.67%	16.67%	16.67%	16.67%	16.55%	13.77%
1,816,814	1,721,587	1,725,246	1,660,077	1,602,533	1,534,374
16.67%	16.67%	16.67%	16.67%	16.69%	17.25%
30,561	28,917	28,978	27,884	26,913	25,681
0.28%	0.28%	0.28%	0.28%	0.28%	0.29%
<u>\$ 10,898,748</u>	<u>\$ 10,327,457</u>	<u>\$ 10,349,409</u>	<u>\$ 9,958,469</u>	<u>\$ 9,599,804</u>	<u>\$ 8,895,403</u>

CITY OF DEFIANCE, OHIO

SCHEDULE 7
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental activities:				
General obligation bonds payable ⁴	\$ 4,891,426	\$ 5,521,786	\$ 3,910,624	\$ 4,492,196
Land acquisition bonds payable	1,421,452	1,543,523	1,662,327	1,777,952
OWDA loans payable	1,165,590	1,282,149	1,398,708	1,515,267
Leases payable	359,558	356,706	281,348	481,460
Financed purchase agreement obligator	418,181	319,610	427,555	-
Business-type activities:				
General obligation bonds payable ⁴	6,121,153	7,726,647	7,368,513	8,892,765
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	31,326,416	33,825,946	32,792,588	28,470,646
OPWC loans payable	1,789,351	1,912,754	2,036,158	2,164,916
Leases payable	132,261	176,276	139,722	-
Total primary government	<u>\$ 47,625,388</u>	<u>\$ 52,665,397</u>	<u>\$ 50,017,543</u>	<u>\$ 47,795,202</u>
Debt per capita:				
City population ¹	17,043	16,990	17,066	16,990
Outstanding debt per capita	\$ 2,794	\$ 3,100	\$ 2,931	\$ 2,813
Debt as percentage of personal income:				
Personal income ²	\$ 913,567,784	\$ 831,856,400	\$ 774,540,410	\$ 713,630,970
Percentage of personal income	5.21%	6.33%	6.46%	6.70%
Business-type debt per customer:				
Number of customers ³	6,835	6,726	6,701	6,650
Outstanding debt per customer	\$ 5,760	\$ 6,488	\$ 6,318	\$ 5,944

Notes and sources:

¹U.S. Census Bureau.

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

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

⁴Includes unamortized bond premiums.

	2019	2018	2017	2016	2015	2014
\$	3,832,065	\$ 4,270,189	\$ 3,089,313	\$ 3,266,437	\$ 3,443,561	\$ 3,620,685
	1,890,482	2,000,000	-	-	-	-
	1,631,826	1,748,385	1,864,944	1,981,503	2,098,062	2,214,437
	196,924	50,487	80,240	109,239	137,503	165,051
	-	-	-	-	-	-
	9,807,326	8,240,123	6,270,992	7,429,523	5,743,854	6,477,095
	-	-	-	44,070	53,631	62,672
	-	-	-	-	2,704,000	3,139,000
	27,249,919	28,006,203	27,048,372	28,469,070	30,198,958	31,533,115
	2,164,916	2,299,029	2,452,740	1,523,808	155,661	217,232
	-	-	-	-	-	-
<u>\$</u>	<u>46,773,458</u>	<u>\$ 46,614,416</u>	<u>\$ 40,806,601</u>	<u>\$ 42,823,650</u>	<u>\$ 44,535,230</u>	<u>\$ 47,429,287</u>

	16,634	16,653	16,705	16,671	16,763	16,862
\$	2,812	\$ 2,799	\$ 2,443	\$ 2,569	\$ 2,657	\$ 2,813
\$	690,976,360	\$ 691,765,620	\$ 659,212,710	\$ 645,567,804	\$ 626,567,414	\$ 629,121,220
	6.77%	6.74%	6.19%	6.63%	7.11%	7.54%
	6,615	6,611	6,593	6,654	6,649	6,635
\$	5,929	\$ 5,830	\$ 5,426	\$ 5,631	\$ 5,844	\$ 6,244

CITY OF DEFIANCE, OHIO
 SCHEDULE 8
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Population¹	17,043	16,990	17,066	16,990
Assessed value²	\$ 350,395,770	\$ 348,513,910	\$ 345,331,610	\$ 330,183,710
General bonded debt:				
General obligation bonds payable ³	\$ 11,012,579	\$ 13,248,433	\$ 11,279,137	\$ 13,384,961
Ratio of net bonded debt to assessed value	3.14%	3.80%	3.27%	4.05%
Net bonded debt per capita	\$ 646	\$ 780	\$ 661	\$ 788

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

Sources:

¹U.S. Census Bureau.

²Defiance County Auditor.

³Includes unamortized bond premiums.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
16,634	16,653	16,705	16,671	16,763	16,862
\$ 328,938,220	\$ 322,565,510	\$ 309,257,400	\$ 309,257,400	\$ 320,277,520	\$ 319,027,680
\$ 13,639,391	\$ 12,510,312	\$ 9,360,305	\$ 10,695,960	\$ 9,187,415	\$ 10,097,780
4.15%	3.88%	3.03%	3.46%	2.87%	3.17%
\$ 820	\$ 751	\$ 560	\$ 642	\$ 548	\$ 599

CITY OF DEFIANCE, OHIO

SCHEDULE 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct - City of Defiance	\$ 10,828,000	100.00%	\$ 10,828,000
Overlapping Debt:			
Defiance County	3,225,000	30.85%	994,913
Defiance City School District	19,225,000	81.99%	15,762,578
Ayersville Local School District	12,274,919	20.87%	2,561,776
Four County Career Center Joint Vocational School District	1,750,000	8.69%	152,075
Northeastern Local School District	20,850,000	20.00%	4,170,000
Total overlapping debt	<u>57,324,919</u>		<u>23,641,342</u>
Total direct and overlapping debt	<u>\$ 68,152,919</u>		<u>\$ 34,469,342</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total assessed property value	\$ 350,395,770	\$ 348,513,910	\$ 345,331,610	\$ 330,183,710
Overall legal debt limit (10 1/2 % of assessed valuation)	<u>36,791,556</u>	<u>36,593,961</u>	<u>36,259,819</u>	<u>34,669,290</u>
Debt outstanding:				
General obligation bonds payable ²	10,828,000	12,995,000	11,023,000	13,059,000
Special assessment bonds payable	-	-	-	-
Land acquisition bonds payable	1,421,452	1,543,523	1,662,327	1,777,952
Bond anticipation notes	-	-	-	-
OWDA loans payable	32,492,006	35,108,095	34,191,296	29,985,913
OPWC loans payable	<u>1,789,351</u>	<u>1,912,754</u>	<u>2,036,158</u>	<u>2,164,916</u>
Total gross indebtedness	<u>46,530,809</u>	<u>51,559,372</u>	<u>48,912,781</u>	<u>46,987,781</u>
Less ¹ :				
General obligation bonds payable ²	6,028,000	7,574,000	7,185,000	8,647,000
Special assessment bonds payable	-	-	-	-
Bond anticipation notes	-	-	-	-
OWDA loans payable	32,492,006	35,108,095	34,191,296	29,985,913
OPWC loans payable	<u>1,789,351</u>	<u>1,912,754</u>	<u>2,036,158</u>	<u>2,164,916</u>
Total net debt applicable to debt limit	<u>6,221,452</u>	<u>6,964,523</u>	<u>5,500,327</u>	<u>6,189,952</u>
Add: debt service fund equity	<u>646,422</u>	<u>647,490</u>	<u>646,386</u>	<u>636,946</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 31,216,526</u>	<u>\$ 30,276,928</u>	<u>\$ 31,405,878</u>	<u>\$ 29,116,284</u>
Legal debt margin as a percentage of the debt limit	84.85%	82.74%	86.61%	83.98%
Unvoted debt limit	<u>19,271,767</u>	<u>19,168,265</u>	<u>18,993,239</u>	<u>18,160,104</u>
Unvoted legal debt margin within 5 1/2 % limitation	<u>\$ 19,271,767</u>	<u>\$ 19,168,265</u>	<u>\$ 18,993,239</u>	<u>\$ 18,160,104</u>
Unvoted legal debt margin as a percentage of the unvoted debt limit	100.00%	100.00%	100.00%	100.00%

Notes:

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

²Excludes unamortized bond premiums.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 328,938,220	\$ 322,565,510	\$ 309,257,400	\$ 309,257,400	\$ 320,277,520	\$ 319,027,680
<u>34,538,513</u>	<u>33,869,379</u>	<u>32,472,027</u>	<u>32,472,027</u>	<u>33,629,140</u>	<u>33,497,906</u>
13,391,914	12,188,205	8,963,568	10,224,593	8,860,000	9,725,000
-	-	-	44,070	53,631	62,672
1,890,482	2,000,000	-	-	-	-
-	-	-	-	2,704,000	3,139,000
28,881,745	29,754,588	28,913,316	30,450,573	32,297,020	33,747,552
2,164,916	2,299,029	2,452,740	1,523,808	155,661	217,232
<u>46,329,057</u>	<u>46,241,822</u>	<u>40,329,624</u>	<u>42,243,044</u>	<u>44,070,312</u>	<u>46,891,456</u>
9,584,914	7,945,205	5,903,568	6,989,593	5,450,000	6,140,000
-	-	-	44,070	53,631	62,672
-	-	-	-	2,704,000	3,139,000
28,881,745	29,754,588	28,913,316	30,450,573	32,297,020	33,747,552
2,164,916	2,299,029	2,452,740	1,523,808	155,661	217,232
<u>5,697,482</u>	<u>6,243,000</u>	<u>3,060,000</u>	<u>3,235,000</u>	<u>3,410,000</u>	<u>3,585,000</u>
<u>621,729</u>	<u>602,796</u>	<u>592,151</u>	<u>570,714</u>	<u>565,440</u>	<u>556,615</u>
<u>\$ 29,462,760</u>	<u>\$ 28,229,175</u>	<u>\$ 30,004,178</u>	<u>\$ 29,807,741</u>	<u>\$ 30,784,580</u>	<u>\$ 30,469,521</u>
85.30%	83.35%	92.40%	91.80%	91.54%	90.96%
<u>18,091,602</u>	<u>17,741,103</u>	<u>17,009,157</u>	<u>17,009,157</u>	<u>17,615,264</u>	<u>17,546,522</u>
<u>\$ 18,091,602</u>	<u>\$ 17,741,103</u>	<u>\$ 17,009,157</u>	<u>\$ 17,009,157</u>	<u>\$ 17,615,264</u>	<u>\$ 17,546,522</u>
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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
OWDA Loans - Sewer System¹				
Gross revenues ²	\$ 7,196,820	\$ 7,340,181	\$ 7,276,937	\$ 7,240,951
Direct operating expenses ³	<u>3,815,925</u>	<u>3,000,664</u>	<u>3,012,122</u>	<u>3,387,604</u>
Net revenue available for debt service	3,380,895	4,339,517	4,264,815	3,853,347
Annual debt service requirement ⁴	2,348,101	2,395,518	1,984,111	2,277,403
Coverage	1.44	1.81	2.15	1.69
OWDA Loans - Water Reservoir				
Gross revenues ²	\$ 7,131,984	\$ 7,292,002	\$ 7,050,232	\$ 6,540,811
Direct operating expenses ³	<u>5,722,308</u>	<u>4,429,758</u>	<u>3,323,945</u>	<u>4,081,762</u>
Net revenue available for debt service	1,409,676	2,862,244	3,726,287	2,459,049
Annual debt service requirement ⁴	916,690	929,061	433,855	433,656
Coverage	1.54	3.08	8.59	5.67

Notes:

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

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

³Direct operating expenses do not include depreciation expense.

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

Source: City of Defiance Finance Department.

	2019	2018	2017	2016	2015	2014
\$	7,531,248	\$ 7,396,693	\$ 7,380,647	\$ 7,091,386	\$ 7,091,366	\$ 6,895,460
	3,811,476	3,724,229	3,779,418	3,274,574	3,128,395	2,820,670
	<u>3,719,772</u>	<u>3,672,464</u>	<u>3,601,229</u>	<u>3,816,812</u>	<u>3,962,971</u>	<u>4,074,790</u>
	2,607,941	2,383,430	2,376,078	2,342,678	2,388,868	2,321,512
	1.43	1.54	1.52	1.63	1.66	1.76
\$	5,930,476	\$ 5,642,065	\$ 5,626,240	\$ 5,957,319	\$ 5,957,063	\$ 5,843,398
	4,230,353	4,148,073	4,205,112	3,729,053	3,484,253	3,061,255
	<u>1,700,123</u>	<u>1,493,992</u>	<u>1,421,128</u>	<u>2,228,266</u>	<u>2,472,810</u>	<u>2,782,143</u>
	433,466	433,283	433,107	432,939	438,506	438,506
	3.92	3.45	3.28	5.15	5.64	6.34

CITY OF DEFIANCE, OHIO

SCHEDULE 12
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population ¹	Total Personal Income ²	Per Capita Personal Income ²	Public School Enrollment ³	Unemployment Rates ⁴		
					Defiance County	State of Ohio	United States
2023	17,043	\$ 913,567,784	\$ 79,851	2,339	4.2%	4.1%	3.5%
2022	16,990	831,856,400	58,015	2,338	4.2%	4.1%	3.5%
2021	17,066	774,540,410	45,385	2,329	3.1%	4.0%	4.5%
2020	16,990	713,630,970	42,003	2,620	8.2%	8.1%	8.1%
2019	16,634	690,976,360	41,540	2,649	4.2%	4.1%	3.7%
2018	16,653	691,765,620	41,540	2,730	4.4%	4.6%	3.9%
2017	16,705	659,212,710	39,462	2,714	4.3%	4.9%	4.1%
2016	16,671	645,567,804	38,724	2,723	4.8%	4.9%	4.9%
2015	16,763	626,567,414	37,378	2,607	4.3%	4.6%	5.6%
2014	16,862	629,121,220	37,310	2,650	5.4%	5.7%	6.2%

Notes and Sources:

¹U.S. Census Bureau.

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

³Defiance City Schools.

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

CITY OF DEFIANCE, OHIO

SCHEDULE 13
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>Tax Year 2022²</u>		
	<u>Employees¹</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Johns Manville Corporation (MFG)	770	1	3.76%
Wal Mart (RETAIL)	605	2	2.95%
Defiance County	509	3	2.48%
Defiance City Schools	499	4	2.43%
Bon Secours Mercy Health	468	5	2.28%
Mayville Engineering Company - MEC (MFG)	427	6	2.08%
Defiance Regional Medical Center	410	7	2.00%
Defiance College	399	8	1.95%
Meijer (RETAIL)	389	9	1.90%
B&B Molded Plastics (MFG)	371	10	1.81%
	<u>4,847</u>		<u>23.64%</u>
Total Employment Within the City	20,495		

<u>Employer</u>	<u>Tax Year 2013²</u>		
	<u>Employees¹</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Defiance College	752	1	4.09%
Johns Manville Corporation (MFG)	687	2	3.74%
Defiance City Schools	527	3	2.87%
Defiance County	417	4	2.27%
Wal Mart (RETAIL)	407	5	2.21%
Defiance Regional Medical Center	354	6	1.93%
Mercy Medical Partners	345	7	1.88%
Meijer (RETAIL)	341	8	1.85%
Defiance Metal Products (MFG)	318	9	1.73%
First Federal of Defiance (BNK)	228	10	1.24%
	<u>4,376</u>		<u>23.81%</u>
Total Employment Within the City	18,389		

Notes:

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

²The information for tax year 2022 and tax year 2013 is the most current information covering a ten-year period available as of December 31, 2023.

Source: City of Defiance Income Tax Division.

CITY OF DEFIANCE, OHIO

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

Function/Division	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Council*	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	16.0	16.0	13.9	14.0	13.8	14.0	13.5	13.3	12.9	13.0
Mayor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	5.0	5.0	4.7	4.8	4.8	4.8	4.8	4.9	4.3	3.8
Law	3.5	3.5	3.0	3.0	3.0	3.0	3.4	3.5	3.5	3.4
Civil Service*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Income Tax	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Buildings and Land	2.0	2.0	2.6	2.2	2.6	2.5	2.2	2.1	1.9	1.6
Engineer	8.5	8.5	8.0	7.9	8.6	9.2	9.1	6.9	5.4	6.6
	<u>44.0</u>	<u>44.0</u>	<u>41.2</u>	<u>40.9</u>	<u>41.8</u>	<u>42.5</u>	<u>42.0</u>	<u>39.6</u>	<u>37.0</u>	<u>37.4</u>
Security of Persons and Property:										
Police	35.0	35.0	35.6	34.7	36.8	34.7	33.4	33.9	33.2	34.1
Fire	32.5	32.5	40.1	43.0	48.5	38.9	37.7	38.4	37.8	35.2
	<u>67.5</u>	<u>67.5</u>	<u>75.7</u>	<u>77.7</u>	<u>85.3</u>	<u>73.6</u>	<u>71.1</u>	<u>72.3</u>	<u>71.0</u>	<u>69.3</u>
Leisure Time Activities:										
Parks and Recreation	5.0	5.0	7.6	5.4	8.0	7.9	7.2	8.3	7.1	7.9
Cemetery	3.5	3.5	4.9	3.6	4.8	5.0	4.2	4.4	4.4	4.2
Cultural/Historian*	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	<u>9.0</u>	<u>9.0</u>	<u>13.0</u>	<u>9.5</u>	<u>13.3</u>	<u>13.4</u>	<u>11.9</u>	<u>13.1</u>	<u>12.0</u>	<u>12.6</u>
Community Development:										
Building Inspections	1.5	1.5	1.7	1.6	1.6	2.2	2.0	2.3	1.8	1.9
Transportation:										
Streets	9.0	9.0	10.2	10.2	10.5	10.6	10.2	10.3	10.8	11.6
Utility Services:										
Utility Billing	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.8	6.1	6.4
Water Treatment/Distribution	20.0	20.0	20.7	19.0	20.0	19.9	20.1	19.8	19.9	21.5
Wastewater Treatment/Collection	18.0	18.0	18.7	18.1	20.2	19.6	19.9	20.0	18.5	20.3
	<u>44.0</u>	<u>44.0</u>	<u>45.4</u>	<u>43.1</u>	<u>46.2</u>	<u>45.5</u>	<u>46.0</u>	<u>45.6</u>	<u>44.5</u>	<u>48.2</u>
Total	<u><u>175.0</u></u>	<u><u>175.0</u></u>	<u><u>187.2</u></u>	<u><u>183.0</u></u>	<u><u>198.7</u></u>	<u><u>187.8</u></u>	<u><u>183.2</u></u>	<u><u>183.2</u></u>	<u><u>177.1</u></u>	<u><u>181.0</u></u>

* Part-time salaried positions count as 0.5 each.

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

Source: City of Defiance Finance Department.

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CITY OF DEFIANCE, OHIO

SCHEDULE 15
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2023	2022	2021	2020
General Government:				
General fund beginning balance (cash)	\$6,364,985	\$5,467,670	\$4,467,786	\$3,177,167
General fund revenues (cash)	13,206,174	12,589,377	11,665,865	11,079,000
General fund expenditures (cash)	12,933,381	11,692,061	10,665,981	9,788,381
General fund ending balance (cash)	<u>\$6,637,778</u>	<u>\$6,364,986</u>	<u>\$5,467,670</u>	<u>\$4,467,786</u>
Municipal Court:				
Cases heard and closed	8,333	7,013	7,013	6,431
Police:				
Total calls for services	19,956	18,851	27,007	16,678
Traffic violations	937	1,016	906	778
Motor vehicle accidents	2,460	719	705	603
Criminal arrests	1,044	887	1,006	1,054
Fire/Emergency Medical Services:				
Fire calls	609	769	580	88
EMS calls	3,596	2,428	2,539	2,335
Fire safety inspections	1,139	1,215	1,219	844
Building Inspections:				
Construction permits issued	1,181	1,196	196	1,116
Estimated value of construction	\$11,357,240	\$18,947,284	\$10,540,557	\$10,032,134
Recreation:				
Swimming pool memberships ⁽¹⁾	52	53	0	0
Shelter house rentals	108	116	70	26
Streets:				
Salt usage (tons)	413	600	801	819
Cost of salt purchased	\$31,438	\$49,138	\$57,569	\$59,641
Water:				
Water customers	6,904	6,729	6,701	6,653
Water main breaks repaired	35	18	23	38
Water Pollution Control:				
Sewer lines cleaned/repaired (ft.)	76,732	78,828	61,947	6,525
Sewer customers	6,650	6,599	6,552	52,667

Sources: Various City of Defiance Divisions.

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$3,546,284	\$3,699,172	\$3,041,951	\$2,305,035	\$1,929,849	\$1,159,602
10,803,107	12,298,444	10,394,316	9,881,035	9,740,976	9,491,539
11,172,224	12,451,332	9,737,095	9,144,119	9,365,790	8,721,292
<u>\$3,177,167</u>	<u>\$3,546,284</u>	<u>\$3,699,172</u>	<u>\$3,041,951</u>	<u>\$2,305,035</u>	<u>\$1,929,849</u>
9,047	9,782	10,749	9,191	9,163	9,761
20,486	17,934	20,434	17,517	16,964	18,203
1,249	1,428	1,509	1,349	1,236	1,571
769	789	832	830	896	909
1,045	1,110	1,417	1,132	1,322	1,596
508	565	487	410	437	415
2,111	2,268	2,356	2,088	2,189	1,841
1,062	1,176	1,078	1,361	1,409	1,019
1,029	970	1,070	1,151	998	897
\$7,859,091	\$6,817,870	\$8,003,585	\$8,078,849	\$5,035,057	\$5,649,615
34	35	68	52	38	51
62	61	59	51	55	61
706	814	481	957	491	1,021
\$59,113	\$54,697	\$31,818	\$73,628	\$45,376	\$55,316
6,615	6,611	6,593	6,654	6,649	6,635
10	31	23	18	30	32
59,178	65,189	68,220	85,143	70,100	84,500
6,484	6,483	6,466	6,513	6,492	6,495

CITY OF DEFIANCE, OHIO

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

Function/Program	2023	2022	2021	2020
Police:				
Stations	1	1	1	1
Vehicles	18	18	18	17
Fire/EMS:				
Stations	1	1	1	1
Vehicles - Fire	8	8	8	8
Vehicles - EMS	3	3	3	3
Parks and Recreation:				
Parks	10	10	10	10
Pools	1	1	1	1
Splash Pads	1	1	1	1
Tennis courts	6	6	6	8
Pickleball courts	3	3	3	0
Sand volleyball courts	2	2	2	2
Basketball courts	5	5	5	5
Ball fields	13	13	13	13
Park shelter houses	15	15	15	15
Streets:				
Streets (miles)	131.3	131.3	131.3	131.3
Vehicles	16	16	16	16
Water:				
Water lines (miles)	184.82	184.82	184.82	184.82
Towers	2	2	2	2
Tower capacity	2	2	2.0 mg	2.0 mg
Reservoir capacity	350 mg	350 mg	350 mg	350 mg

Sources: Various City of Defiance Divisions.

2019	2018	2017	2016	2015	2014
1	1	1	1	1	1
16	15	14	13	13	13
2	1	1	1	1	1
9	9	9	9	9	9
3	5	3	3	3	3
9	8	8	8	8	8
1	1	1	1	1	1
1	1	0	0	0	0
8	8	8	8	8	8
0	0	0	0	0	0
2	2	2	2	2	2
5	4	4	4	4	4
13	12	12	12	13	14
14	13	13	13	13	13
130.3	128.64	128.50	128.50	127.80	122.80
17	18	18	18	18	17
184.82	184.82	184.82	156.40	151.80	151.80
2	2	2	3	3	3
2.0 mg	2.0 mg	2.0 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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OHIO AUDITOR OF STATE KEITH FABER



CITY OF DEFIANCE

DEFIANCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/9/2024

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

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