



**Auditor of State
Betty Montgomery**

CITY OF BRYAN, OHIO

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

City of Bryan
Williams County
103 N. Beech Street
Bryan, Ohio 43506-1235

To the City Council and Board of Public Affairs:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bryan, Williams County, Ohio (the Government), as of and for the year ended December 31, 2003, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as described in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We were unable to obtain evidence of the valuation of infrastructure included in the capital assets of the business – type activities, Water, Sewer, and Electric funds at December 31, 2003 nor were we able to satisfy ourselves as to the value of these capital assets by other auditing procedures. Infrastructure represents 19 percent of the assets in the business-type activities, 43 percent in the Water fund, 51 percent in the Sewer fund, and .8 percent in the Electric fund.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence supporting the valuation of infrastructure for the business-type activities, Water, Sewer and Electric funds, as described in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business – type activities and the Water, Sewer and Electric funds of the City of Bryan, Williams County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General, Income Tax ½ percent, Income Tax 1 percent, Municipal Building Construction, Capital Improvement, Refuse and Communications funds, and the aggregate remaining fund information for the City of Bryan, Williams County, Ohio, as of December 31, 2003 and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, Income Tax ½ percent, and Income Tax 1 percent funds thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2003, the Government implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2004, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We did not audit and do not express an opinion on this information. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. As a result of our limited procedures, we believe Management's Discussion and Analysis does not conform to Governmental Accounting Standards Board guidelines, since as discussed in paragraph three, no evidence of the valuation of infrastructure included in the capital assets of the business – type activities was available.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Betty Montgomery
Auditor of State

December 1, 2004

CITY OF BRYAN, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003***

Unaudited

The discussion and analysis of the City of Bryan's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2003 are as follows:

- ❑ In total, net assets increased \$7,404,275. Net assets of governmental activities increased \$1,331,329 which represents a 7% increase from 2002. Net assets of business-type activities increased \$6,072,946 or 24% from 2002.
- ❑ General revenues accounted for \$7,889,530 in revenue or 25% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23,863,953, 75% of total revenues of \$31,753,483.
- ❑ The City had \$7,206,234 in expenses related to governmental activities; only \$4,026,472 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,511,091 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5,907,902 in revenues and other financing sources and \$5,823,493 in expenditures and other financing uses. The general fund's fund balance increased from \$1,527,518 to \$1,611,927.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

CITY OF BRYAN, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003*

Unaudited

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, refuse collection, electric operating, and communication operations services are reported as business-type activities.

Fund Financial Statements

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The City's major funds are the General, Income Tax ½%, Income Tax 1%, Municipal Building Construction, and Capital Improvement. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF BRYAN, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003**

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Water, Sewer, Refuse Collection, Electric Operating, and Communications Operating funds, all of which are considered major funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$13,403,453	\$14,691,579	\$28,095,032
Capital assets, Net	13,180,805	25,456,083	38,636,888
Total assets	26,584,258	40,147,662	66,731,920
Long-term debt outstanding	4,872,083	7,785,778	12,657,861
Other liabilities	1,025,350	1,055,828	2,081,178
Total liabilities	5,897,433	8,841,606	14,739,039
Net assets			
Invested in capital assets, net of related debt	9,269,805	18,356,083	27,625,888
Restricted	9,338,879	0	9,338,879
Unrestricted	2,078,141	12,949,973	15,028,114
Total net assets	\$20,686,825	\$31,306,056	\$51,992,881

CITY OF BRYAN, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2003:

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,120,621	\$19,837,481	\$20,958,102
Operating Grants and Contributions	1,087,252		1,087,252
Capital Grants and Contributions	1,818,599	0	1,818,599
General revenues:			
Property Taxes	476,426	0	476,426
Income Taxes	4,557,912	0	4,557,912
Other Local Taxes	1,366,640	0	1,366,640
Contributions not restricted to Specific Programs	794,867	0	794,867
Investment Earnings	126,262	0	126,262
Miscellaneous	567,423	0	567,423
Total revenues	11,916,002	19,837,481	31,753,483
Program Expenses			
Security of Persons and Property	2,043,458	0	2,043,458
Leisure Time Activities	1,048,528	0	1,048,528
Community Environment	327,036	0	327,036
Public Health and Welfare Services	89,309	0	89,309
Transportation	772,557	0	772,557
General Government	2,835,272	0	2,835,272
Debt Service:			
Interest and Fiscal Charges	90,074	0	90,074
Water	0	1,352,322	1,352,322
Sewer	0	1,191,085	1,191,085
Refuse Collection	0	686,575	686,575
Electric Operating	0	12,091,861	12,091,861
Communication Operations	0	1,821,131	1,821,131
Total expenses	7,206,234	17,142,974	24,349,208
Change in Net Assets before transfers	4,709,768	2,694,507	7,404,275
Transfers	(3,378,439)	3,378,439	0
Total Change in Net Assets	1,331,329	6,072,946	7,404,275
Beginning Net Assets	19,355,496	25,233,110	44,588,606
Ending Net Assets	\$20,686,825	\$31,306,056	\$51,992,881

Governmental Activities

Net assets of the City's governmental activities increased by \$1,331,329. This represents a 7% change from 2002.

The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City.

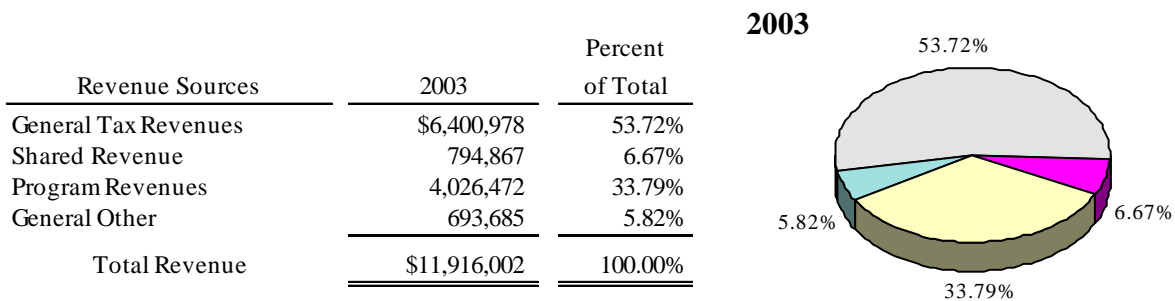
CITY OF BRYAN, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003**

Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Income taxes and property taxes made up 71% and 7.4% respectively of General Tax revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business-type activities increased by \$6,072,946. This increase can be attributed to several factors. The Electric Operating Fund reported an increase in operating revenues of nearly 3.7%, and a decrease in operating expense of 8.3%. In addition, the Sewer Fund received a large transfer of funds for construction of the wastewater treatment plant.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$9,234,055, which is a decrease from last year's balance of \$10,051,476. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance December 31, 2003	Fund Balance December 31, 2002	Increase (Decrease)
General	\$1,611,927	\$1,527,518	\$84,409
Income Tax 1/2%	1,692,876	3,781,556	(2,088,680)
Income Tax 1%	1,232,814	1,341,156	(108,342)
General Debt Retirement	797	(4,195)	4,992
Capital Improvement	1,359,869	774,864	585,005
Other Governmental	3,335,772	2,630,577	705,195
Total	\$9,234,055	\$10,051,476	(\$817,421)

CITY OF BRYAN, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003*

Unaudited

General Fund – The City's General Fund balance increase is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2003	2002	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$1,259,900	\$1,321,672	(\$61,772)
Intergovernmental Revenue	951,028	975,013	(23,985)
Charges for Services	154,035	177,425	(23,390)
Licenses and Permits	9,280	13,840	(4,560)
Investment Earnings	83,029	120,941	(37,912)
Fines and Forfeitures	701,829	683,240	18,589
All Other Revenue	342,551	422,081	(79,530)
Total	\$3,501,652	\$3,714,212	(\$212,560)

General Fund revenues in 2003 decreased approximately 5.7% compared to revenues in fiscal year 2002. This decrease was the result of an overall decline in almost all City revenue sources. These decreases can be attributed to the economic downturn that has been experienced at the state and local level of government over the past several years.

	2003	2002	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$1,876,973	\$1,866,697	\$10,276
Public Health and Welfare Services	86,705	88,482	(1,777)
Leisure Time Activities	893,195	891,689	1,506
General Government	2,220,025	2,107,852	112,173
Total	\$5,076,898	\$4,954,720	\$122,178

General Fund expenditures increased by \$122,178 or 2.5% over the prior year. This was due mainly to routine increases in expenditures for general government.

	2003	2002	Increase
	Other Financing Sources (Uses)	Other Financing Sources (Uses)	(Decrease)
Operating Transfers In	\$2,400,000	\$2,200,000	\$200,000
Operating Transfers Out	(746,595)	(1,190,922)	444,327
Other	6,250	413,310	(407,060)
Total	\$1,659,655	\$1,422,388	\$237,267

CITY OF BRYAN, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003***

Unaudited

General Fund other sources increased by \$237,267 due to an overall decrease in amounts transferred out to other funds.

Income Tax ½% Fund – The City's Income Tax ½% experienced a large decrease in fund balance as a result of decreases in the amount of tax revenues received coupled with larger amounts being transferred out to other funds.

Income Tax 1% Fund – The City's Income Tax 1% Fund balance decreased 8% as a result of an increase in amounts being transferred out to other funds.

Municipal Building Construction – The City's Municipal Building Construction fund continued to report the issuance and retirement of long-term notes payable for the construction of the new municipal building.

Capital Improvement Fund - The Capital Improvement Fund balance increased over 75% as the result of grant monies received.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2003 the City amended its General Fund budget several times, none significant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2002 the City had \$38,636,888 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$13,180,805 was related to governmental activities and \$25,456,083 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$2,152,016	\$2,152,016	\$0
Buildings	9,275,905	8,079,050	1,196,855
Improvements Other than Buildings	1,356,951	1,356,951	0
Infrastructure	662,624	0	662,624
Machinery and Equipment	5,553,612	5,592,496	(38,884)
Construction In Progress	19,688	0	19,688
Less: Accumulated Depreciation	(5,839,991)	(5,464,782)	(375,209)
Totals	\$13,180,805	\$11,715,731	\$1,465,074

CITY OF BRYAN, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003**

Unaudited

The primary increases occurred in infrastructure and buildings, which consisted of routine street improvement projects and the addition of a building for the service center. This building was constructed with private resources and donated to the city.

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$903,639	\$911,184	(\$7,545)
Buildings and Improvements	8,832,584	8,832,584	0
Infrastructure	14,984,674	14,984,674	0
Machinery and Equipment	42,326,682	40,400,053	1,926,629
Construction in Progress	369,848	339,298	30,550
Less: Accumulated Depreciation	(41,961,344)	(40,783,425)	(1,177,919)
Totals	\$25,456,083	\$24,684,368	\$771,715

The primary increases occurred in machinery and equipment, the majority of which can be attributed to purchases in the electric fund. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2003, the City had \$66,000 in special assessment bonds outstanding, \$11,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	2003	2002
Governmental Activities:		
Long-Term Bond Anticipation Notes	\$3,900,000	\$4,200,000
General Obligation Bonds	0	100,000
Special Assessment Bonds	66,000	77,000
Compensated Absences	906,083	805,832
Total Governmental Activities	4,872,083	5,182,832
Business-Type Activities:		
Long-Term Notes Payable	7,100,000	7,450,000
Compensated Absences	685,778	643,289
Total Business-Type Activities	7,785,778	8,093,289
Totals	\$12,657,861	\$13,276,121

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

CITY OF BRYAN, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003***

Unaudited

ECONOMIC FACTORS

The City's general fund appropriations for 2003 are less than 1% less than the 2002 general fund appropriations. The main source of revenue for the general fund is revenue from the one-percent income tax, which is projected to be three tenths of 1% more than the 2002 projected revenue.

The City's general fund expenditures for 2003 were originally budgeted at 12% more than the final approved budget. General fund expenditures for 2003 were 13% less than the final approved budget. This demonstrates that departments were conservative in their spending for 2003.

This conservative budget is a reflection of the current economic climate. If these conditions continue, it will be necessary for City Council to either pursue new revenue sources, increase existing sources, and/or reduce future budgets.

CURRENT ISSUES

In 2003, the City entered into a contract with Peterson Construction to make certain improvements to the wastewater treatment plant. The amount of the contract was \$3,205,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. John D. Seele, Clerk-Treasurer of the City of Bryan.

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CITY OF BRYAN, OHIO

Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,606,305	\$ 9,369,122	\$ 16,975,427
Receivables:			
Accounts	220,093	1,743,160	1,963,253
Intergovernmental	1,247,917	0	1,247,917
Interest	28,456	5,188	33,644
Taxes	1,910,237	0	1,910,237
Special Assessments	1,016,489	0	1,016,489
Loans	1,828,851	0	1,828,851
Internal Balances	(535,557)	535,557	0
Inventory of Supplies at Cost	63,571	1,561,672	1,625,243
Prepaid Items	17,091	293,542	310,633
Investment in Joint Venture	0	1,160,588	1,160,588
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	22,750	22,750
Capital Assets, Net	13,180,805	25,456,083	38,636,888
Total Assets	26,584,258	40,147,662	66,731,920
Liabilities:			
Accounts Payable	100,124	805,823	905,947
Accrued Wages and Benefits	267,556	198,855	466,411
Claims Payable	106,763	0	106,763
Matured Bonds & Interest Payable from Restricted Assets	0	22,750	22,750
Deferred Revenue	550,495	0	550,495
Accrued Interest Payable	412	28,400	28,812
Noncurrent liabilities:			
Due within one year	4,069,867	473,289	4,543,156
Due in more than one year	802,216	7,312,489	8,114,705
Total Liabilities	5,897,433	8,841,606	14,739,039
Net Assets:			
Invested in Capital Assets, Net of Related Debt	9,269,805	18,356,083	27,625,888
Restricted For:			
Capital Projects	2,345,057	0	2,345,057
Debt Service	101,023	0	101,023
Other Purposes	6,892,799	0	6,892,799
Unrestricted	2,078,141	12,949,973	15,028,114
Total Net Assets	\$ 20,686,825	\$ 31,306,056	\$ 51,992,881

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Statement of Activities
For the Year Ended December 31, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 2,043,458	\$ 41,125	\$ 0	\$ 0
Leisure Time Activities	1,048,528	32,343	0	0
Community Environment	327,036	23,414	1,023,170	0
Public Health and Welfare	89,309	41,310	0	0
Transportation	772,557	0	0	621,744
General Government	2,835,272	982,429	64,082	1,196,855
Interest and Fiscal Charges	90,074	0	0	0
Total Governmental Activities	<u>7,206,234</u>	<u>1,120,621</u>	<u>1,087,252</u>	<u>1,818,599</u>
Business-Type Activities:				
Water	1,352,322	1,348,929	0	0
Sewer	1,191,085	634,931	0	0
Refuse Collection	686,575	649,950	0	0
Electric Operating	12,091,861	15,143,806	0	0
Communication Operations	1,821,131	2,059,865	0	0
Total Business-Type Activities	<u>17,142,974</u>	<u>19,837,481</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 24,349,208</u>	<u>\$ 20,958,102</u>	<u>\$ 1,087,252</u>	<u>\$ 1,818,599</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Income Tax
- Other Local Taxes
- Grants and Entitlements not Restricted to Specific Programs
- Investment Earnings
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,002,333)	\$ 0	\$ (2,002,333)
(1,016,185)	0	(1,016,185)
719,548	0	719,548
(47,999)	0	(47,999)
(150,813)	0	(150,813)
(591,906)	0	(591,906)
(90,074)	0	(90,074)
<u>(3,179,762)</u>	<u>0</u>	<u>(3,179,762)</u>
0	(3,393)	(3,393)
0	(556,154)	(556,154)
0	(36,625)	(36,625)
0	3,051,945	3,051,945
0	238,734	238,734
<u>0</u>	<u>2,694,507</u>	<u>2,694,507</u>
<u>(3,179,762)</u>	<u>2,694,507</u>	<u>(485,255)</u>
476,426	0	476,426
4,557,912	0	4,557,912
1,366,640	0	1,366,640
794,867	0	794,867
126,262	0	126,262
567,423	0	567,423
(3,378,439)	3,378,439	0
<u>4,511,091</u>	<u>3,378,439</u>	<u>7,889,530</u>
1,331,329	6,072,946	7,404,275
<u>19,355,496</u>	<u>25,233,110</u>	<u>44,588,606</u>
<u>\$ 20,686,825</u>	<u>\$ 31,306,056</u>	<u>\$ 51,992,881</u>

CITY OF BRYAN, OHIO

Balance Sheet
Governmental Funds
December 31, 2003

	General	Income Tax 1/2 %	Income Tax 1 %	Municipal Building Construction
Assets:				
Cash and Cash Equivalents	\$ 1,337,314	\$ 1,493,457	\$ 835,160	\$ 797
Accounts	201,056	0	0	0
Intergovernmental	423,523	0	0	0
Interest	5,380	0	0	0
Taxes	1,092,418	272,327	545,492	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Due from Other Funds	9,177	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	2,637	0	0	0
Total Assets	\$ 3,071,505	\$ 1,765,784	\$ 1,380,652	\$ 797
Liabilities:				
Accounts Payable	\$ 44,941	\$ 0	\$ 562	\$ 0
Accrued Wages and Benefits Payable	235,785	0	1,460	0
Deferred Revenue	1,138,165	72,908	145,816	0
Compensated Absences Payable	40,687	0	0	0
Total Liabilities	1,459,578	72,908	147,838	0
Fund Balances:				
Reserved for Encumbrances	343,968	0	24	0
Reserved for Prepaid Items	2,637	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Undesignated, Unreserved in:				
General Fund	1,265,322	0	0	0
Special Revenue Funds	0	1,692,876	1,232,790	0
Debt Service Fund	0	0	0	0
Capital Project Funds	0	0	0	797
Total Fund Balances	1,611,927	1,692,876	1,232,814	797
Total Liabilities and Funds Balances	\$ 3,071,505	\$ 1,765,784	\$ 1,380,652	\$ 797

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 1,346,852	\$ 1,348,919	\$ 6,362,499
0	19,037	220,093
0	824,394	1,247,917
21,342	833	27,555
0	0	1,910,237
926,849	89,640	1,016,489
0	1,828,851	1,828,851
0	0	9,177
0	63,571	63,571
0	14,454	17,091
<u>\$ 2,295,043</u>	<u>\$ 4,189,699</u>	<u>\$ 12,703,480</u>
\$ 8,325	\$ 46,246	\$ 100,074
0	30,311	267,556
926,849	770,463	3,054,201
0	6,907	47,594
<u>935,174</u>	<u>853,927</u>	<u>3,469,425</u>
116,997	52,682	513,671
0	14,454	17,091
0	63,571	63,571
0	1,828,851	1,828,851
0	0	1,265,322
0	1,306,877	4,232,543
0	11,795	11,795
1,242,872	57,542	1,301,211
<u>1,359,869</u>	<u>3,335,772</u>	<u>9,234,055</u>
<u>\$ 2,295,043</u>	<u>\$ 4,189,699</u>	<u>\$ 12,703,480</u>

CITY OF BRYAN, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2003***

Total Governmental Fund Balances	\$ 9,234,055
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	13,180,805
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,503,706
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	593,160
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-Term Bond Anticipation Note	(3,900,000)
Special Assessment Bonds Payable	(66,000)
Compensated Absences Payable	(858,489)
Accrued Interest Payable	(412)
	<hr style="width: 100%; border: 0.5px solid black;"/>
	(4,824,901)
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 20,686,825</u></u>

See accompanying notes to the basic financial statements

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CITY OF BRYAN, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003**

	General	Income Tax 1/2 %	Income Tax 1 %	Municipal Building Construction
Revenues:				
Taxes	\$ 1,259,900	\$ 1,396,025	\$ 3,136,211	\$ 0
Intergovernmental Revenues	951,028	0	0	0
Charges for Services	154,035	0	0	0
Licenses and Permits	9,280	0	0	0
Investment Earnings	83,029	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	701,829	0	1,170	0
All Other Revenue	342,551	16	67,232	0
Total Revenue	3,501,652	1,396,041	3,204,613	0
Expenditures:				
Current:				
Security of Persons and Property	1,876,973	0	0	0
Public Health and Welfare	86,705	0	0	0
Leisure Time Activities	893,195	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	2,220,025	38,408	172,955	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	4,200,000
Interest & Fiscal Charges	0	0	0	75,008
Total Expenditures	5,076,898	38,408	172,955	4,275,008
Excess (Deficiency) of Revenues Over Expenditures	(1,575,246)	1,357,633	3,031,658	(4,275,008)
Other Financing Sources (Uses):				
Sale of Capital Assets	6,250	0	0	0
Sale of Notes	0	0	0	3,900,000
Transfers In	2,400,000	3,687	0	380,000
Transfers Out	(746,595)	(3,450,000)	(3,140,000)	0
Total Other Financing Sources (Uses)	1,659,655	(3,446,313)	(3,140,000)	4,280,000
Net Change in Fund Balances	84,409	(2,088,680)	(108,342)	4,992
Fund Balance (Deficit) at Beginning of Year	1,527,518	3,781,556	1,341,156	(4,195)
Increase in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 1,611,927	\$ 1,692,876	\$ 1,232,814	\$ 797

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 0	\$ 5,792,136
621,744	1,216,294	2,789,066
0	0	154,035
0	0	9,280
21,563	10,515	115,107
101,453	16,469	117,922
0	254,307	957,306
56,715	100,909	567,423
<u>801,475</u>	<u>1,598,494</u>	<u>10,502,275</u>
0	8,528	1,885,501
0	0	86,705
0	0	893,195
0	327,036	327,036
0	702,008	702,008
0	201,426	2,632,814
916,470	4,163	920,633
0	111,000	4,311,000
0	15,968	90,976
<u>916,470</u>	<u>1,370,129</u>	<u>11,849,868</u>
(114,995)	228,365	(1,347,593)
0	0	6,250
0	0	3,900,000
700,000	578,156	4,061,843
0	(103,687)	(7,440,282)
<u>700,000</u>	<u>474,469</u>	<u>527,811</u>
585,005	702,834	(819,782)
774,864	2,630,577	10,051,476
0	2,361	2,361
<u>\$ 1,359,869</u>	<u>\$ 3,335,772</u>	<u>\$ 9,234,055</u>

CITY OF BRYAN, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2003***

Net Change in Fund Balances - Total Governmental Funds \$ (819,782)

Amounts reported for governmental activities in the statement of activities are different because

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 depreciation exceeded capital outlays in the current period.

Capital Outlay	885,869	
Depreciation Expense	<u>(575,691)</u>	310,178

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	(41,959)	
The statement of activities reports capital asset donations.	<u>1,196,855</u>	1,154,896

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 205,717

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General Obligation Notes Issued		(3,900,000)
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Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	100,000	
Special Assessment Bond Principal Payment	11,000	
Long Term Bond Anticipation Note	<u>4,200,000</u>	4,311,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 902

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(52,657)	
Change in Inventory	<u>2,361</u>	(50,296)

Internal Service Funds used by management to charge the costs of insurance information services and electrical services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities.

118,714

Change in Net Assets of Governmental Activities

\$ 1,331,329

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,377,753	\$ 1,377,753	\$ 1,260,400	\$ (117,353)
Intergovernmental Revenue	806,650	806,650	820,917	14,267
Charges for Services	146,100	146,100	148,913	2,813
Licenses and Permits	10,075	10,075	10,954	879
Investment Earnings	146,000	146,000	77,649	(68,351)
Fines and Forfeitures	606,600	606,600	702,377	95,777
All Other Revenues	243,270	253,270	339,104	85,834
Total Revenues	<u>3,336,448</u>	<u>3,346,448</u>	<u>3,360,314</u>	<u>13,866</u>
Expenditures:				
Current:				
Security of Persons and Property	2,289,949	2,262,624	2,084,603	178,021
Public Health and Welfare	105,193	105,668	87,046	18,622
Leisure Time Activities	1,027,914	1,113,489	913,396	200,093
General Government	3,582,279	2,665,225	2,271,037	394,188
Total Expenditures	<u>7,005,335</u>	<u>6,147,006</u>	<u>5,356,082</u>	<u>790,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,668,887)	(2,800,558)	(1,995,768)	804,790
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	6,250	6,250
Operating Transfers In	2,600,000	2,600,000	2,400,000	(200,000)
Operating Transfers Out	0	(855,000)	(746,595)	108,405
Total Other Financing Sources (Uses):	<u>2,600,000</u>	<u>1,745,000</u>	<u>1,659,655</u>	<u>(85,345)</u>
Net Change in Fund Balance	(1,068,887)	(1,055,558)	(336,113)	719,445
Fund Balance at Beginning of Year	1,314,599	1,314,599	1,314,599	0
Fund Balance at End of Year	<u>\$ 245,712</u>	<u>\$ 259,041</u>	<u>\$ 978,486</u>	<u>\$ 719,445</u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Income Tax ½% Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,460,100	\$ 1,460,100	\$ 1,560,975	\$ 100,875
All Other Revenues	<u>50</u>	<u>50</u>	<u>16</u>	<u>(34)</u>
Total Revenues	<u>1,460,150</u>	<u>1,460,150</u>	<u>1,560,991</u>	<u>100,841</u>
Expenditures:				
Current:				
General Government	<u>42,000</u>	<u>42,000</u>	<u>38,408</u>	<u>3,592</u>
Total Expenditures	<u>42,000</u>	<u>42,000</u>	<u>38,408</u>	<u>3,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,418,150	1,418,150	1,522,583	104,433
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Operating Transfers In	0	0	3,687	3,687
Operating Transfers Out	<u>(1,560,000)</u>	<u>(4,060,000)</u>	<u>(3,450,000)</u>	<u>610,000</u>
Total Other Financing Sources (Uses):	<u>(1,560,000)</u>	<u>(4,060,000)</u>	<u>(3,446,313)</u>	<u>613,687</u>
Net Change in Fund Balance	(141,850)	(2,641,850)	(1,923,730)	718,120
Fund Balance at Beginning of Year	<u>3,417,187</u>	<u>3,417,187</u>	<u>3,417,187</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,275,337</u>	<u>\$ 775,337</u>	<u>\$ 1,493,457</u>	<u>\$ 718,120</u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - Income Tax 1% Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,920,200	\$ 2,920,200	\$ 3,121,942	\$ 201,742
Fines and Forfeitures	200	200	1,170	970
All Other Revenues	50	50	67,232	67,182
Total Revenues	<u>2,920,450</u>	<u>2,920,450</u>	<u>3,190,344</u>	<u>269,894</u>
Expenditures:				
Current:				
General Government	197,660	197,754	171,368	26,386
Total Expenditures	<u>197,660</u>	<u>197,754</u>	<u>171,368</u>	<u>26,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,722,790	2,722,696	3,018,976	296,280
Other Financing Sources (Uses):				
Operating Transfers Out	(3,410,000)	(3,410,000)	(3,140,000)	270,000
Total Other Financing Sources (Uses):	<u>(3,410,000)</u>	<u>(3,410,000)</u>	<u>(3,140,000)</u>	<u>270,000</u>
Net Change in Fund Balance	(687,210)	(687,304)	(121,024)	566,280
Fund Balance at Beginning of Year	955,786	955,786	955,786	0
Fund Balance at End of Year	<u>\$ 268,576</u>	<u>\$ 268,482</u>	<u>\$ 834,762</u>	<u>\$ 566,280</u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2003**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Refuse Collection	Electric Operating
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 509,766	\$ 2,560,734	\$ 315,493	\$ 5,712,925
Accounts	132,584	60,975	73,229	1,336,660
Interest	467	194	229	4,101
Inventory of Supplies at Cost	159,074	5,807	0	1,396,791
Prepaid Items	14,886	23,045	8,658	239,986
Total current assets	<u>816,777</u>	<u>2,650,755</u>	<u>397,609</u>	<u>8,690,463</u>
Noncurrent assets:				
Cash and Cash Equivalents with Fiscal Agent	0	22,750	0	0
Investment in Joint Venture	0	0	0	1,160,588
Interfund Loan Receivable	0	0	0	2,080,000
Capital Assets, Net	3,506,247	8,632,814	211,281	11,277,589
Total noncurrent assets	<u>3,506,247</u>	<u>8,655,564</u>	<u>211,281</u>	<u>14,518,177</u>
Total assets	<u>4,323,024</u>	<u>11,306,319</u>	<u>608,890</u>	<u>23,208,640</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	62,347	36,179	8,520	698,777
Accrued Wages and Benefits	32,576	18,471	17,439	116,805
Claims Payable	0	0	0	0
Matured Bonds and Interest Payable	0	22,750	0	0
Due to Other Funds	0	0	0	0
Accrued Interest Payable	0	0	0	28,400
Long Term Note Payable - Current	0	0	0	360,000
Total Current Liabilities	<u>94,923</u>	<u>77,400</u>	<u>25,959</u>	<u>1,203,982</u>
Noncurrent Liabilities:				
Long-Term Note Payable	0	0	0	6,740,000
Interfund Loan Payable	0	0	0	0
Compensated Absences Payable	116,413	86,602	71,347	381,385
Total noncurrent liabilities	<u>116,413</u>	<u>86,602</u>	<u>71,347</u>	<u>7,121,385</u>
Total Liabilities	<u>211,336</u>	<u>164,002</u>	<u>97,306</u>	<u>8,325,367</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,506,247	8,632,814	211,281	4,177,589
Unrestricted	605,441	2,509,503	300,303	10,705,684
Total Net Assets	<u>\$ 4,111,688</u>	<u>\$ 11,142,317</u>	<u>\$ 511,584</u>	<u>\$ 14,883,273</u>

Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.
Net Assets of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

<u>Communication Operations</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 270,204	\$ 9,369,122	\$ 1,243,806
139,712	1,743,160	0
197	5,188	901
0	1,561,672	0
6,967	293,542	0
<u>417,080</u>	<u>12,972,684</u>	<u>1,244,707</u>
0	22,750	0
0	1,160,588	0
0	2,080,000	0
1,828,152	25,456,083	0
<u>1,828,152</u>	<u>28,719,421</u>	<u>0</u>
<u>2,245,232</u>	<u>41,692,105</u>	<u>1,244,707</u>
0	805,823	50
13,564	198,855	0
0	0	106,763
0	22,750	0
9,177	9,177	0
0	28,400	0
0	360,000	0
<u>22,741</u>	<u>1,425,005</u>	<u>106,813</u>
0	6,740,000	0
2,080,000	2,080,000	0
30,031	685,778	0
<u>2,110,031</u>	<u>9,505,778</u>	<u>0</u>
<u>2,132,772</u>	<u>10,930,783</u>	<u>106,813</u>
1,828,152	18,356,083	0
(1,715,692)	12,405,239	1,137,894
<u>\$ 112,460</u>	<u>30,761,322</u>	<u>\$ 1,137,894</u>
	544,734	
	<u>\$ 31,306,056</u>	

CITY OF BRYAN, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Refuse Collection	Electric Operating
Operating Revenues:				
Charges for Services	\$ 1,331,762	\$ 566,993	\$ 581,009	\$ 13,730,258
Other Operating Revenues	9,486	62,781	60,570	245,901
Total Operating Revenues	<u>1,341,248</u>	<u>629,774</u>	<u>641,579</u>	<u>13,976,159</u>
Operating Expenses:				
Personal Services	808,967	364,419	450,386	2,421,841
Contractual Services	270,185	367,626	182,012	8,857,159
Materials and Supplies	76,143	36,762	37,581	0
Health Insurance Claims	0	0	0	0
Depreciation	195,910	412,782	16,596	599,954
Other Operating Expenses	156	0	0	92,722
Total Operating Expenses	<u>1,351,361</u>	<u>1,181,589</u>	<u>686,575</u>	<u>11,971,676</u>
Operating Income (Loss)	(10,113)	(551,815)	(44,996)	2,004,483
Non-Operating Revenue (Expenses):				
Interest Income	6,493	2,597	3,003	45,083
Interest and Fiscal Charges	0	0	0	(140,497)
Income from Joint Venture	0	0	0	212,591
Loss on Sale of Capital Assets	(961)	(9,496)	0	(78,329)
Other Nonoperating Revenue	1,188	2,560	5,368	909,973
Total Non-Operating Revenues (Expenses)	<u>6,720</u>	<u>(4,339)</u>	<u>8,371</u>	<u>948,821</u>
Income(Loss) Before Transfers	(3,393)	(556,154)	(36,625)	2,953,304
Operating Transfers:				
Transfers-In	0	2,640,000	0	746,595
Transfers-Out	0	0	0	(8,156)
Total Transfers	<u>0</u>	<u>2,640,000</u>	<u>0</u>	<u>738,439</u>
Change in Net Assets	(3,393)	2,083,846	(36,625)	3,691,743
Net Assets Beginning of Year	4,115,081	9,058,471	548,209	11,191,530
Net Assets End of Year	<u>\$ 4,111,688</u>	<u>\$ 11,142,317</u>	<u>\$ 511,584</u>	<u>\$ 14,883,273</u>

Change in Net Assets - Total Enterprise Funds

Adjustment to reflect the consolidation of internal
fund activities related to the enterprise funds.

Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Communication Operations	Total	Governmental Activities - Internal Service Funds
\$ 2,037,733	\$ 18,247,755	\$ 1,336,385
8,922	387,660	0
<u>2,046,655</u>	<u>18,635,415</u>	<u>1,336,385</u>
172,560	4,218,173	0
973,678	10,650,660	0
18,871	169,357	0
0	0	1,130,185
327,266	1,552,508	0
0	92,878	0
<u>1,492,375</u>	<u>16,683,576</u>	<u>1,130,185</u>
554,280	1,951,839	206,200
3,559	60,735	11,155
(328,226)	(468,723)	0
0	212,591	0
(530)	(89,316)	0
9,651	928,740	0
<u>(315,546)</u>	<u>644,027</u>	<u>11,155</u>
238,734	2,595,866	217,355
0	3,386,595	0
0	(8,156)	0
<u>0</u>	<u>3,378,439</u>	<u>0</u>
238,734	5,974,305	217,355
(126,274)	24,787,017	920,539
<u>\$ 112,460</u>	<u>\$ 30,761,322</u>	<u>\$ 1,137,894</u>
	\$ 5,974,305	
	<u>98,641</u>	
	<u>\$ 6,072,946</u>	

CITY OF BRYAN, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Refuse Collection	Electric Operating
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,339,465	\$628,785	\$638,355	\$13,618,282
Cash Payments for Goods and Services	(405,770)	(460,830)	(220,084)	(9,661,662)
Cash Payments to Employees	(792,599)	(374,041)	(421,617)	(2,380,567)
Net Cash Provided (Used) for Operating Activities	<u>141,096</u>	<u>(206,086)</u>	<u>(3,346)</u>	<u>1,576,053</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Other Non-Operating Revenues	1,713	2,560	5,366	896,327
Transfers In from Other Funds	0	2,640,000	0	746,595
Transfers Out to Other Funds	0	0	0	(8,156)
Advances In from Other Funds	0	0	0	43,239
Advances Out to Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,713</u>	<u>2,642,560</u>	<u>5,366</u>	<u>1,678,005</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Sale of Capital Assets	0	0	0	6,250
Capital Contributions from Joint Venture	0	0	0	151,874
Principal Retirement on GO Notes	0	0	0	(350,000)
Interest and Fiscal Charges	0	0	0	(154,479)
Acquisition and Construction of Assets	(149,244)	(283,505)	0	(1,543,812)
Net Cash Used for Capital and Related Financing Activities	<u>(149,244)</u>	<u>(283,505)</u>	<u>0</u>	<u>(1,890,167)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	6,724	14,971	3,111	45,307
Net Cash Provided by Noncapital Financing Activities	<u>6,724</u>	<u>14,971</u>	<u>3,111</u>	<u>45,307</u>
Net Increase in Cash and Cash Equivalents	289	2,167,940	5,131	1,409,198
Cash and Cash Equivalents at Beginning of Year	509,477	415,544	310,362	4,303,727
Cash and Cash Equivalents at End of Year	<u>\$509,766</u>	<u>\$2,583,484</u>	<u>\$315,493</u>	<u>\$5,712,925</u>
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$509,766	\$2,560,734	\$315,493	\$5,712,925
Cash with Fiscal Agent	0	22,750	0	0
Cash and Cash Equivalents at End of Year	<u>\$509,766</u>	<u>\$2,583,484</u>	<u>\$315,493</u>	<u>\$5,712,925</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Used for Operating Activities:</u>				
Operating Income (Loss)	(\$10,113)	(\$551,815)	(\$44,996)	\$2,004,483
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:				
Depreciation Expense	195,910	412,782	16,596	599,954
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(2,240)	(989)	(3,224)	(206,003)
Increase in Inventory	(61,596)	(355)	0	(639,456)
Decrease in Intergovernmental Receivables	457	0	0	0
Increase in Prepaids	(1,582)	(2,459)	(950)	(42,982)
Increase (Decrease) in Accounts Payable	3,892	(53,628)	459	(181,217)
Increase in Accrued Wages and Benefits	10,525	5,253	5,418	37,660
Decrease in Claims Payable	0	0	0	0
Increase in Due to Other Funds	0	0	0	0
Increase (Decrease) in Compensated Absences	5,843	(14,875)	23,351	3,614
Total Adjustments	<u>151,209</u>	<u>345,729</u>	<u>41,650</u>	<u>(428,430)</u>
Net Cash Provided (Used) for Operating Activities	<u>\$141,096</u>	<u>(\$206,086)</u>	<u>(\$3,346)</u>	<u>\$1,576,053</u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Communications Operations	Totals	Governmental- Activities Internal Service Fund
\$2,024,768	\$18,249,655	\$1,338,097
(1,054,416)	(11,802,762)	0
(143,788)	(4,112,612)	(1,156,882)
<u>826,564</u>	<u>2,334,281</u>	<u>181,215</u>
9,519	915,485	0
0	3,386,595	0
0	(8,156)	0
0	43,239	0
(43,239)	(43,239)	0
<u>(33,720)</u>	<u>4,293,924</u>	<u>0</u>
0	6,250	0
0	151,874	0
0	(350,000)	0
(328,226)	(482,705)	0
(397,616)	(2,374,177)	0
<u>(725,842)</u>	<u>(3,048,758)</u>	<u>0</u>
3,871	73,984	11,397
<u>3,871</u>	<u>73,984</u>	<u>11,397</u>
70,873	3,653,431	192,612
199,331	5,738,441	1,051,194
<u>\$270,204</u>	<u>\$9,391,872</u>	<u>\$1,243,806</u>
\$270,204	9,369,122	\$1,243,806
0	22,750	0
<u>\$270,204</u>	<u>\$9,391,872</u>	<u>\$1,243,806</u>
\$554,280	\$1,951,839	\$206,200
327,266	1,552,508	0
(21,887)	(234,343)	1,712
0	(701,407)	0
0	457	0
(6,967)	(54,940)	0
(64,077)	(294,571)	(18,791)
4,216	63,072	0
0	0	(7,906)
9,177	9,177	0
24,556	42,489	0
<u>272,284</u>	<u>382,442</u>	<u>(24,985)</u>
<u>\$826,564</u>	<u>\$2,334,281</u>	<u>\$181,215</u>

CITY OF BRYAN, OHIO

Statement of Net Assets
Fiduciary Fund
December 31, 2003

	<u>Agency Fund</u>
Assets:	
Cash and Cash Equivalents	\$ 21,243
Total Assets	<u>21,243</u>
Liabilities:	
Due to Others	<u>21,243</u>
Total Liabilities	<u>21,243</u>
Total Net Assets	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bryan, Ohio (the "City") is a body corporate and politic 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. Bryan was first incorporated as a village on March 21, 1852 and achieved city status on April 28, 1965. The City currently operates under and is governed by its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted in 1964.

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (the "GASB") Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police protection, health and social services, culture and recreation, planning, zoning, street maintenance, public improvements and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, a refuse collection system, electric distribution and cable internet system which are reported as enterprise funds.

1. Joint Ventures with Equity Interest:

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV-5) - OMEGA JV-5 was organized by 42 subdivisions of the State of Ohio (the participants) on April 20, 1993 pursuant to a joint venture agreement under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to undertake the Belleville Hydroelectric Project. The participants are members of American Municipal Power-Ohio, Inc.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest: (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 4 (OMEGA JV-4) - OMEGA JV-4 was organized by the City of Bryan, the Villages of Edgerton, Montpelier, and Pioneer (the participants) on December 1, 1995 pursuant to a joint venture agreement under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to link the electric systems of the participants and to provide electric transmission service to the Village of Holiday City.

2. Joint Venture without Equity Interest:

Multi-Area Narcotics Task Force - The City of Bryan is a member of a drug task force 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.

3. Jointly Governed Organizations:

Maumee Valley Planning Organization - The City is a member of the Maumee Valley Planning Organization (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.

American Municipal Power – Ohio, Inc (AMP-Ohio) – AMP-Ohio is an Ohio not for profit corporation organized to provide electric capacity and energy and to furnish other services to its members. AMP-Ohio is a membership organization comprised of 80 municipalities throughout Ohio, two municipalities in West Virginia, three municipalities in Pennsylvania and one municipality in Michigan that own and operate electric systems. AMP-Ohio purchases and generates electric capacity and energy for sale to its members.

The City's participation in these joint ventures and the jointly governed organizations is further disclosed in Note 13 to the basic financial statements.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except that accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, use and balances of financial resources).

The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those 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 general laws of Ohio and the limitations of the City Charter.

Income Tax ½% Fund - This fund is used to account for the half percent of the municipal income tax collections as required by City Ordinance.

Income Tax 1% Fund - This fund is used to account for the one percent municipal income tax collections as required by City Ordinance.

Municipal Building Construction Fund - This fund is used to account for revenues and expenditures designated for the construction of a new municipal court building.

Capital Improvement Fund - This fund is used to account for the financial resources used for the major capital projects undertaken by the City.

Proprietary Funds

All proprietary funds are accounted for on an "economic measurement" focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Refuse Collection Fund – This fund is used to account for the City’s refuse collection service.

Electric Operating Fund – This fund is used to account for the City’s electric distribution services.

Communications Operating Fund – This fund is used to account for the City’s cable television services.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City’s internal service fund accounts for the activities of the self insurance program for employee health care benefits.

Fiduciary Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City’s only fiduciary funds are agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. This fund is used to account for the collection and distribution of municipal fines and forfeitures.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenditures.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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 statements for governmental funds.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at

year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Property taxes measurable as of December 31, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the Government-wide financial statements, proprietary funds and agency funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund. Budgetary modifications may only be made by ordinance of the City Council.

1. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is

1. Estimated Resources (Continued)

amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund level and may be modified during the year by Ordinance of City Council.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Appropriations (Continued)

Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the fund level. Administrative control is maintained through the establishment of more detailed line-item budgets. Appropriations may be moved from one line-item account to another within the same fund without approval of City Council; however, the Mayor and Council President must approve the change. The City Clerk/Treasurer maintains an accounting of the line-item expenditures to insure that the total expenditures within a department by object do not exceed approved appropriations. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual for the General Fund and Major Special Revenue Funds" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

3. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General and Major Special Revenue funds:

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Income Tax 1/2% Fund	Income Tax 1% Fund
GAAP Basis (as reported)	\$84,409	(\$2,088,680)	(\$108,342)
Increase (Decrease):			
Accrued Revenues at December 31, 2003 received during 2004	(593,389)	(199,419)	(399,676)
Accrued Revenues at December 31, 2002 received during 2003	452,051	364,369	385,407
Accrued Expenditures at December 31, 2003 paid during 2004	321,413	0	2,022
Accrued Expenditures at December 31, 2002 paid during 2003	(267,178)	0	(37)
2002 Prepays for 2003	28,046	0	0
2003 Prepays for 2004	(2,637)	0	0
Outstanding Encumbrances	(358,828)	0	(398)
Budget Basis	(\$336,113)	(\$1,923,730)	(\$121,024)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio), and short-term certificates of deposit. The certificates of deposit and STAR Ohio are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' share of equity in pooled certificates of deposit and STAR Ohio are considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for certificates of deposit which are reported at cost. The City allocates interest among the various funds based upon applicable legal and administrative requirements. See Note 4, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2003. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2003.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	20 - 40
Improvements other than Buildings	50
Infrastructure	10-50
Machinery, Equipment, Furniture and Fixtures	5 - 20

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bond	Southeast Sewer Bond Retirement Fund
Capital Projects Fund Bond	
Anticipation Notes Payable	Municipal Building Construction Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Recycling Grant Fund, Refuse Collection Fund Water Fund, Sewer Fund, Electric Fund
Long Term Notes Payable	Electric Fund

L. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

Compensated absences are expensed in the electric, water, sewer, refuse and communications enterprise funds when earned, and the related liability is reported within the fund.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

O. Interfund Activity

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 financial statements.

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, loans receivable and encumbered amounts which have not been accrued at year end.

Q. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the combined balance sheet because their use is limited for debt service payments and capital improvements. Other restricted assets consist of certain investments that are classified as revenue bond reserve, (cash with fiscal agent on the balance sheet), because these funds are being held by a trustee according to the terms of the revenue bond indenture.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, collection of solid waste refuse, electric distribution and cable internet system. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 the City and that are either unusual in nature or infrequent in occurrence. The City had no special items to report during fiscal year 2003.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For fiscal year 2003, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2002, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003**

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (Continued)

B. Prior Period Adjustments

Certain adjustments were necessary to the beginning net asset balance of the enterprise funds as a result of an error in accounting for capital assets. The error resulted in the restatement of the net assets at December 31, 2002 for the enterprise funds as presented in item C of this note.

C. Restatement of Fund Balance/Retained Earnings

The changes to the beginning fund balance, as well as the transition from fund balance to net assets of the governmental activities and the business-type activities are as follows:

	General	Income Tax 1/2%	Income Tax 1%	Municipal Building Construction	Capital Improvement	Other Governmental Funds	Total Governmental Activities
Fund Balance December 31, 2002	\$1,527,518	\$3,781,556	\$1,341,156	(\$4,195)	\$774,864	\$2,621,218	\$10,042,117
Adjustments to Fund Structure:							
Reclassified fund from Expendable Trust							
Fund to Special Revenue Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,359</u>	<u>9,359</u>
Adjusted Fund Balance	<u>1,527,518</u>	<u>3,781,556</u>	<u>1,341,156</u>	<u>(4,195)</u>	<u>774,864</u>	<u>2,630,577</u>	<u>10,051,476</u>
GASB 34 Adjustments:							
Capital Assets							11,715,731
Internal Service Fund							474,446
Long-Term Liabilities							(5,184,146)
Long-Term (Deferred) Assets							<u>2,297,989</u>
Net Assets, December 31, 2002							<u><u>\$19,355,496</u></u>

	Water	Sewer	Refuse Collection	Electric Operating	Communications	Total Business-Type Activities
Fund Balance December 31, 2002	\$3,984,136	\$3,245,094	\$555,868	\$10,873,772	(\$3,072)	\$18,655,798
Prior Period Adjustment:						
Restate Capital Assets	16,819	12,578	(7,659)	317,758	(123,202)	216,294
GASB 34 Adjustments:						
Contributed Capital	<u>114,126</u>	<u>5,800,799</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,914,925</u>
Adjusted Fund Balance	<u>4,000,955</u>	<u>3,257,672</u>	<u>548,209</u>	<u>11,191,530</u>	<u>(126,274)</u>	<u>24,787,017</u>
Internal Service Fund						<u>446,093</u>
Net Assets, December 31, 2002						<u><u>\$25,233,110</u></u>

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficit of \$705 in the Municipal Probation Grant Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary/cash basis. A deficit does not exist under the cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use, but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 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;

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- | | |
|------------|---|
| Category 1 | Insured or collateralized with securities held by the City or by its agent in the City's name. |
| Category 2 | Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. |
| Category 3 | Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. |

Investments:

- | | |
|------------|--|
| Category 1 | Insured or registered, with securities held by the City or its agent in the City's name. |
| Category 2 | Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. |
| Category 3 | Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name. |

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

At year end the carrying amount of the City's deposits was \$5,564,092 and the bank balance was \$5,956,880. Federal depository insurance covered \$300,000 of the bank balance and the remaining deposits were classified as Category 3.

Deposits classified as Category 3 are considered to be uninsured and uncollateralized even though all state statutory requirements have been followed, since non-compliance with federal requirements could potentially subject the City to successful claim by the FDIC.

B. Investments

The City's investments at December 31, 2003 are summarized below:

<u>Non-Categorized Investments</u>	<u>Fair Value</u>
STAR Ohio	\$11,452,058

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio and certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$17,019,420	\$0
Less: Petty Cash	(3,270)	
Investments:		
STAR Ohio	<u>(11,452,058)</u>	<u>11,452,058</u>
Per GASB Statement No. 3	<u>\$5,564,092</u>	<u>\$11,452,058</u>

* Includes Cash with Fiscal Agent.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the City and used in business. Real property taxes (other than public utility) collected during 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30; the remainder payable by September 20.

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. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Bryan. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2003 was \$2.80 per \$1,000 of assessed value. The assessed value upon which the 2003 levy was based was \$195,139,350. This amount constitutes \$145,349,490 in real property assessed value, \$1,896,000 in public utility assessed value and \$47,893,860 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .280% (2.80 mills) of assessed value.

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003**

NOTE 5 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 6 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2003:

Fund	Transfer In	Transfer Out
General Fund	\$2,400,000	\$746,595
Income Tax 1/2% Fund	3,687	3,450,000
Income Tax 1% Fund	0	3,140,000
Municipal Building Construction Fund	380,000	0
Capital Improvement Fund	700,000	0
Other Governmental Funds	578,156	103,687
Total Governmental Funds	4,061,843	7,440,282
Sewer Fund	2,640,000	0
Electric Operating Fund	746,595	8,156
Total Proprietary Funds	3,386,595	8,156
Totals	<u>\$7,448,438</u>	<u>\$7,448,438</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2003 consisted of taxes, accounts receivables, special assessments receivable, loans receivable, interest receivable and intergovernmental receivables arising from shared revenues.

NOTE 8 – INTERFUND BALANCES

A. Interfund Receivables and Payables

Fund	Interfund Loans Receivable	Interfund Loans Payable
Enterprise Funds:		
Electric Fund	\$2,080,000	\$0
Communications Operations Fund	0	2,080,000
Total	<u>\$2,080,000</u>	<u>\$2,080,000</u>

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003**

NOTE 8 – INTERFUND BALANCES

B. Due to/from Other Funds

Fund	Due to Other Funds	Due from Other Funds
General Fund	\$0	\$9,177
Communications Operations Fund	9,177	0
Total	\$9,177	\$9,177

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2003:

<i>Historical Cost:</i> Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$2,152,016	\$0	\$0	\$2,152,016
Construction in Progress	0	19,688	0	19,688
<i>Capital assets being depreciated:</i>				
Buildings	8,079,050	1,196,855	0	9,275,905
Improvements Other than Buildings	1,356,951	0	0	1,356,951
Infrastructure	0	662,624	0	662,624
Machinery and Equipment	5,592,496	203,557	(242,441)	5,553,612
Total Cost	\$17,180,513	\$2,082,724	(\$242,441)	\$19,020,796
<i>Accumulated Depreciation:</i>				
Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$1,596,339)	(\$208,958)	\$0	(\$1,805,297)
Improvements Other than Buildings	(744,020)	(60,999)	0	(805,019)
Infrastructure	0	(6,626)	0	(6,626)
Machinery and Equipment	(3,124,423)	(299,108)	200,482	(3,223,049)
Total Accumulated Depreciation	(\$5,464,782)	(\$575,691) *	\$200,482	(\$5,839,991)
<i>Net Value:</i>	\$11,715,731			\$13,180,805

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$111,153
Public Health and Welfare	2,604
Leisure Time Activity	174,623
Transportation	78,016
General Government	209,295
Total Depreciation Expense	\$575,691

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2003:

Historical Cost:

Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$911,184	\$0	(\$7,545)	\$903,639
Construction in Progress	339,298	369,848	(339,298)	369,848
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	8,832,584	0	0	8,832,584
Infrastructure	14,984,674	0	0	14,984,674
Machinery and Equipment	40,400,053	2,389,239	(462,610)	42,326,682
Total Cost	<u>\$65,467,793</u>	<u>\$2,759,087</u>	<u>(\$809,453)</u>	<u>\$67,417,427</u>

Accumulated Depreciation:

Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Buildings and Improvements	(\$3,826,432)	(\$235,144)	\$374,589	(\$3,686,987)
Infrastructure	(6,797,106)	(300,815)	0	(7,097,921)
Machinery and Equipment	(30,159,887)	(1,016,549)	0	(31,176,436)
Total Accumulated Depreciation	<u>(\$40,783,425)</u>	<u>(\$1,552,508)</u>	<u>\$374,589</u>	<u>(\$41,961,344)</u>
<i>Net Value:</i>	<u>\$24,684,368</u>	<u>\$1,206,579</u>	<u>(\$434,864)</u>	<u>\$25,456,083</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (the “Ohio PERS”)

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$659,737, \$649,456 and \$630,766, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$243,445.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$163,347, \$149,431 and \$148,321 for police and \$46,444, \$44,319 and \$42,227 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$64,920 representing 7.75% of covered payroll for police and \$14,998 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2003 were as follows:

Interest Rate	Purpose	Maturity Date	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003	Amount Due Within One Year
Governmental Activities:							
Capital Projects Fund Bond Anticipation Notes Payable							
1.60%	Municipal Building Construction		\$4,200,000	\$0	(\$4,200,000)	\$0	\$0
1.25%	Municipal Building Construction		0	3,900,000	0	3,900,000	3,900,000
Total Capital Projects Fund Bond Anticipation Notes Payable			4,200,000	3,900,000	(4,200,000)	3,900,000	3,900,000
General Obligation Bond:							
10.00%	Southeast Sewer Improvement	2003	100,000	0	(100,000)	0	0
Special Assessment Bonds							
with Governmental Commitment:							
7.75%	Street Lighting and East End Sewer		77,000	0	(11,000)	66,000	11,000
Compensated Absences			805,832	100,251	0	906,083	158,867
Total Governmental Activities			5,182,832	4,000,251	(4,311,000)	4,872,083	4,069,867
Business-Type Activities:							
Electric Fund Long Term Notes Payable:							
1.20%	Cable Facilities and Improvements	2023	7,450,000	0	(350,000)	7,100,000	360,000
Total Electric Fund Long Term Notes Payable			7,450,000	0	(350,000)	7,100,000	360,000
Compensated Absences			643,289	42,489	0	685,778	113,289
Total Business-Type Activities			8,093,289	42,489	(350,000)	7,785,778	473,289
Total Other Long-Term Obligations			13,276,121	4,042,740	(4,661,000)	12,657,861	4,543,156

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003***

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment debt outstanding at December 31, 2003, \$66,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$11,795 in the Special Assessment Bond Retirement Fund at December 31, 2003 is reserved for the retirement of outstanding special assessment bonds.

The City entered into a loan agreement with American Municipal Power – Ohio, Inc. (AMP-Ohio) for an amount up to \$9,000,000 for the purpose of providing financing for the acquisition and installation of fiber-optic and coaxial cable facilities and other electric system improvements. The Electric Operating Fund is to pay the loan made by AMP-Ohio together with interest thereon equal to the rate(s) of interest on the Electric System Improvement Bond Anticipation Notes (the Notes) to be issued by AMP-Ohio in one or more series, or on notes issued to refund the Notes, or on the Electric System Improvement Bonds to be issued by AMP-Ohio in anticipation of which Bonds the Notes are issued.

On the maturity date of each series of the Notes maturing on or before August 27, 2003, the City will pay to AMP-Ohio all interest due on the Notes plus any amount of principal up to the original principal amount of such series, and on the maturity date of such series of the Notes plus an amount of principal equal to the amount of principal amount which would be due in the corresponding year on a loan in the original amount of such series, for a term of 20 years, at the interest rate borne by such series of the Notes.

AMP-Ohio will use its best efforts to refinance any remaining principal of any series of the Notes; provided, however, that if AMP-Ohio is unable to refinance any series of the Notes, it shall give the City and the original purchaser of the Notes 30 days notice of such inability, and the City shall pay to AMP-Ohio all amounts necessary to retire such series of the Notes at maturity.

The City issued bond anticipation notes on December 4th, 2003 in the amount of \$3,900,000 to retire notes previously issued for the construction of a municipal building. The notes were issued under the authority of Ohio Revised Code 133.18. The notes have an interest rate of 1.25 percent and will mature on December 2nd, 2004. These notes are considered long-term debt of the City.

A. Long-Term Funding Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003 were as follows:

<u>Years</u>	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$11,000	\$5,115
2005	11,000	4,263
2006	11,000	3,410
2007	11,000	2,558
2008	11,000	1,705
2009	11,000	852
Totals	<u>\$66,000</u>	<u>\$15,346</u>

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003***

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; injuries to employees; natural disasters; health and dental.

The City established a Self-Insurance Fund (internal service fund) to account for and finance its health and dental uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$35,000 for health insurance claims per individual and \$1,000 for dental claims per individual. The plan is administered by a third party administrator, Medical Mutual of Ohio, which monitors all claim payments. The dental care program is administered by The Guardian. The City purchases insurance for claims in excess of health insurance coverage provided by the Self-Insurance Fund. All departments of the City participate in the program and make payments to the Self-Insurance Fund based on participation of employees and their dependents.

The City does not use an internal service fund for other potential risks of loss. The departments account for and finance other uninsured risks of loss. The funds provide coverage for up to a maximum of \$1,000,000 for each general liability claim and \$1,000,000 for property damage. The City purchases commercial insurance for claims in excess of coverage provided by the departments for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

In addition, the City pays unemployment claims to the State of Ohio as incurred.

The claims liability of \$106,763 reported in the fund at December 31, 2003 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2002 and 2003 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$107,332	\$1,110,184	(\$1,102,847)	\$114,669
2003	114,669	1,130,135	(1,138,041)	106,763

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 13 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

Joint Ventures with an Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 4 (Omega JV-4) - The City is a participant with three subdivisions within the State of Ohio in a joint venture to link the electric systems of the participants and to provide electric transmission service to the village of Holiday City. The Omega JV-4 was created for that purpose. On dissolution of the joint venture, the net assets of Omega JV-4 will be shared by the participants on a percentage basis. The Omega JV-4 is managed by AMP-Ohio which acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. The City's net investment and its share of the operating results of Omega JV-4 are reported in the City's electric fund (an enterprise fund). The City's equity interest in Omega JV-4 was \$987,719 at December 31, 2003. Complete financial statements for Omega JV-4 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, or from the City's Clerk/Treasurer.

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City of Bryan is a Financing Participant with an ownership percentage of 2.19%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA JV5 Agreement, the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the OMEGA JV5 Agreement.

OMEGA JV5 was created to construct a run-of-the-river hydroelectric plant and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and receives electricity from its operations and to provide backup generation facilities for OMEGA JV5 Participants. The purpose of the Project, which consists of 42 MW of distributed generation, was to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV5. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. The City's net obligation for these bonds at December 31, 2003 was \$2,955,953 for the 1993 issue and \$347,538 for the 2001 issue. The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV5 was \$172,869 at December 31, 2003. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2003

NOTE 13 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

Subsequent to the issuance of the 2003 audited financial statements by PriceWaterhouseCoopers, AMP-Ohio refunded the 1993 Beneficial Interest Certificates with 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000. The transaction took place on February 17, 2004, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

A. Joint Ventures with an Equity Interest

The City's liability for the 1993 bonds are disclosed below:

Years	<u>Principal</u>	<u>Interest</u>
2004	\$79,278	\$159,763
2005	83,220	155,720
2006	87,600	151,351
2007	92,309	146,642
2008	97,346	141,658
2009-2030	<u>2,516,200</u>	<u>1,307,506</u>
Total Gross Liability	<u><u>\$2,955,953</u></u>	<u><u>\$2,062,640</u></u>

The 2001 bonds were issued at \$13,899,981 and accrete to a value of \$56,125,000 on February 15, 2030. The City's obligation for principal and interest begins in 2025. The City's total liability for the 2001 bonds is disclosed below.

Years	<u>Principal</u>	<u>Interest</u>	<u>Total Maturity</u>
2025	\$66,448	\$172,591	\$239,039
2026	62,781	176,258	239,039
2027	59,305	179,734	239,039
2028	56,014	183,025	239,039
2029	93,840	135,344	229,184
2030	9,150	34,650	43,800
Total Liability	<u><u>\$347,538</u></u>	<u><u>\$881,602</u></u>	<u><u>\$1,229,140</u></u>

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 13 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Joint Venture without Equity Interest

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

The main source of revenue for the Task Force is from federal grants and local matching shares by the entities. The City has an ongoing financial responsibility to the Task Force. The City has indirect access to the net resources of the Task Force since the City is able to influence the Task Force to use its surplus resources to undertake projects of interest to the City's residents. This access to the net resources of the Task Force has not been explicitly defined, nor is it currently measurable. The City contributed \$8,100 to the Task Force in 2003. Complete financial statements for the Task Force can be obtained through the Defiance County Sheriff's Office located at 113 Biede Street, Defiance, Ohio 43512.

C. Jointly Governed Organizations

Maumee Valley Planning Organization - The City is a member of the Maumee Valley Planning Organization (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.

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 MVPO to administer CDBG grants and a per capita amount from each county. In 2003, the City paid administrative fees of \$51,275 to MVPO.

AMP – Ohio - The City is a member of AMP – Ohio which is a jointly governed organization between 80 municipalities throughout Ohio, two municipalities in West Virginia, three municipalities in Pennsylvania and one municipality in Michigan. The purpose of AMP – Ohio is to provide electric capacity and energy and to furnish other services to its members.

AMP – Ohio is governed by a Board of Trustees consisting of sixteen members. Each member designates its own representative to the Board of Trustees. Eight of the trustee members are selected by their fellow AMP – Ohio members in each of the service groups. The other eight Board members are elected at large. The main source of revenue is from the sale of electric power. In 2003, the City paid \$666,795 to AMP – Ohio.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2003

NOTE 14 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

NOTE 15 – CONTRACTUAL COMMITMENT

In 2003 the City entered into a contract with Peterson Construction to make certain improvements to the Wastewater Treatment Plant. The amount of the contract was \$3,205,000. As of December 31, 2003, no amount have been paid towards this contract.

NOTE 16 – OPERATING LEASE

The Board of Public Affairs passed a resolution in 2001 approving the lease of the fiber – coax plant owned by the electric fund to the communication fund which uses part of this infrastructure to deliver its services. According to this resolution, the communication fund is to pay the electric fund \$9 per month for each internet customer and \$3 per month for each cable customer. In 2003, the communication fund paid \$157,000 in lease payments to the electric fund for the use of its fiber – coax plant.

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CITY OF BRYAN, OHIO

***Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2003***

FEDERAL GRANTOR		Federal	
<i>Pass Through Grantor</i>	Pass Through	CFDA	
<u>Program Title</u>	<u>Entity Number</u>	<u>Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass Through Ohio Department of Development:</i>			
Home Investment Partnerships Program (Chip)	B-C-01-079-2	14.239	\$ 226,106
Community Development Block Grant (Chip)	A-C-01-098-1	14.228	88,816
Community Development Block Grant (Economic Development)	A-E-02-098-1	14.228	<u>735,000</u>
Total Community Development Block Grant			<u>823,816</u>
Total U.S. Department of Housing and Urban Development			<u>1,049,922</u>
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership Grant	-	16.607	836
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION			
<i>Pass Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	02N016	20.205	<u>21,342</u>
Total			<u>\$ 1,072,100</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

CITY OF BRYAN, OHIO

Notes to Schedule of Federal Awards Expenditures Fiscal Year Ended December 31, 2003

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2003, the gross amount of loans outstanding under this program was \$1,828,851.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Bryan
Williams County
103 N. Beech Street
Bryan, Ohio 43506-1235

To the City Council and Board of Public Affairs:

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 Bryan, Williams County, (the Government) as of and for the year ended December 31, 2003, which collectively comprise the Government's basic financial statements and have issued our report thereon dated December 1, 2004, in which we noted the County adopted Governmental Accounting Standard Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and which was qualified because we were unable to obtain sufficient evidence supporting the valuation of infrastructure capital assets in the business-type activities, Water, Sewer, and Electric funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could directly and materially affect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Government's management in a separate letter dated December 1, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Government's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Government's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-001 through 2003-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 2003-001 listed above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Government's management in a separate letter dated December 1, 2004.

This report is intended solely for the information and use of the audit committee, City Council, Board of Public Affairs, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 1, 2004



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

City of Bryan
Williams County
103 N. Beech Street
Bryan, Ohio 43506-1235

To the City Council and Board of Public Affairs:

Compliance

We have audited the compliance of City of Bryan, Williams County, (the Government) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Government's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Government's management. Our responsibility is to express an opinion on the Government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local s, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Government's compliance with those requirements.

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www.auditor.state.oh.us

In our opinion, the Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the Government in a separate letter dated December 1, 2004.

Internal Control Over Compliance

The management of the Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, City Council, Board of Public Affairs, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 1, 2004

CITY OF BRYAN, OHIO

Schedule of Findings
OMB Circular A -133 § .505
December 31, 2003

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant - CFDA #14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2003-001

Material Weakness - Fixed Assets

The City could not provide a master list of infrastructure capital assets at December 31, 2003 that directly traced to the amounts recorded on the financial statements for the business-type activities, Water, Sewer and Electric funds.

Infrastructure capital assets consist 19 percent of the assets in the business-type activities, 43 percent in the Water fund, 51 percent in the Sewer fund, and .8 percent in the Electric fund.

Incomplete capital asset records may hinder detecting whether or not there has been a loss of property and could result in inaccurate insurance claims being filed.

In order to provide a more accurate record of capital assets, we recommend a master list of all infrastructure capital assets be generated. This list should directly trace to the amounts reported on the financial statements. In addition, a list of infrastructure additions and deletions should also be retained and periodically updated to the infrastructure capital asset listing.

For each capitalizable asset, the list should include:

- Asset description
- Location
- Cost
- Date of acquisition
- Estimated life
- Salvage value
- Function to which assigned
- Annual depreciation expense
- Accumulated depreciation

FINDING NUMBER 2003-002

Reportable Condition - Cable and Internet Wave Port Security and Billing Administration

There is a lack of security and unrestricted access to the City's wave port software application, which controls approximately 2,550 customer cable accounts and 1,400 customer internet accounts. The wave port is not protected with application user sign on and password. Communications

FINDING NUMBER 2003-002
(Continued)

Department employees with access to the wave port system can change a customer account at any time, which could increase the potential for cable theft and fraud. This lack of security increases the possibility of unauthorized users obtaining access to cable and internet customer accounts and modifying account activity without the knowledge of appropriate City personnel. This also increases the likelihood of customers receiving services for which they are not being billed.

During testing, we found seven customer cable accounts that did not have a wave port at the residence. The lack of a wave port results in the customer receiving all the premium programming in addition to what the customer is signed up for on the work-order.

Sound computer security policies require for adequate security and control over the Communication Department's wave port computer system and the data contained within this system. Since passwords provide the first line of defense into a computer system or application, the Communication Department should require a user sign on and password for the wave port application. Passwords should be changed periodically (i.e. quarterly) and should be at least six characters in length. Accounts should be locked out after 3 to 5 unsuccessful logon attempts and a time-out parameter should be set to log off users after 20 or 30 minutes of inactivity. Audit trail procedures and supervision review of such audit trail should be implemented to review for potential security violations. In addition, there should also be a periodic review of work-orders to ensure wave ports are installed on all residences.

CITY OF BRYAN, OHIO

**Schedule of Prior Audit Findings
December 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	ORC § 5705.10 monies paid into a fund were used for purposes other than the fund was established.	Yes	
2002-002	ORC § 5705.41 (D) Improper certification of expenditures.	No	Partially corrected. Reissued as a management letter comment.
2002-003	Material Weaknesses – Fixed Assets	No	Not corrected. Reissued as finding number 2003-001.
2003-004	Reportable Condition – Cable and Internet Wave Port Security and Billing Administration	No	Not corrected. Reissued as finding number 2003-002.
2003-005	Material Weaknesses – Expenditure Account Coding	Yes	



**Auditor of State
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CITY OF BRYAN

WILLIAMS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2004**