



**Auditor of State
Betty Montgomery**

**CITY OF BRYAN
WILLIAMS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Bryan
Williams County
321 West Bryan Street
Bryan, Ohio 43506-0190

To the Members of City Council and the 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 the City of Bryan, Williams County, Ohio (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bryan, Williams County, Ohio, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, the Income Tax 1% Special Revenue Fund and the Income Tax ½% Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The federal awards receipts and expenditure schedule is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards receipts and 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 28, 2006

CITY OF BRYAN, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005*

Unaudited

This 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, 2005. 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 2005 are as follows:

- In total, net assets increased \$4,735,193. Net assets of governmental activities increased \$1,480,234, which represents a 6.9% increase from 2004. Net assets of business-type activities increased \$3,254,959 or 7.7% from 2004.
- General revenues accounted for \$8,526,204 in revenue or 26% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23,845,017, or 74% of total revenues of \$32,371,221.
- The City had \$7,904,969 in expenses related to governmental activities; only \$2,058,768 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$7,326,435 were adequate to provide for these programs.
- Among major funds, the general fund had \$5,656,531 in revenues and other financing sources and \$5,699,900 in expenditures and other financing uses. The general fund's fund balance decreased from \$1,154,260 to \$1,110,891.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. 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, 2005*

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, 2005**

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 Operations 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

The following table provides a summary of the City's net assets for 2005 compared to 2004.

	Governmental Activities		Business-type Activities		Total	
	Restated		2005	2004	2005	2004
	2005	2004				
Current and other assets	\$14,111,868	\$13,940,597	\$14,812,794	\$13,090,921	\$28,924,662	\$27,031,518
Capital assets, Net	14,223,558	14,056,706	39,635,408	39,114,662	53,858,966	53,171,368
Total assets	28,335,426	27,997,303	54,448,202	52,205,583	82,783,628	80,202,886
Long-term debt outstanding	4,392,537	4,698,978	7,791,091	8,642,146	12,183,628	13,341,124
Other liabilities	1,165,184	2,000,854	1,344,236	1,505,521	2,509,420	3,506,375
Total liabilities	5,557,721	6,699,832	9,135,327	10,147,667	14,693,048	16,847,499
Net assets						
Invested in capital assets, net of related debt	10,879,558	10,401,706	32,712,419	31,282,673	43,591,977	41,684,379
Restricted	10,399,216	9,503,103	0	0	10,399,216	9,503,103
Unrestricted	1,498,931	1,392,662	12,600,456	10,775,243	14,099,387	12,167,905
Total net assets	<u>\$22,777,705</u>	<u>\$21,297,471</u>	<u>\$45,312,875</u>	<u>\$42,057,916</u>	<u>\$68,090,580</u>	<u>\$63,355,387</u>

CITY OF BRYAN, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2005 compared to 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	Restated 2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for Services and Sales	\$915,478	\$925,415	\$21,786,249	\$19,579,849	\$22,701,727	\$20,505,264
Operating Grants and Contributions	1,000,599	683,308	0	0	1,000,599	683,308
Capital Grants and Contributions	142,691	14,158	0	0	142,691	14,158
General revenues:						
Property Taxes	570,418	488,058	0	0	570,418	488,058
Income Taxes	5,029,624	4,745,653	0	0	5,029,624	4,745,653
Other Local Taxes	1,039,672	1,282,732	0	0	1,039,672	1,282,732
Contributions not Restricted to Specific Programs	608,126	401,842	0	0	608,126	401,842
Investment Earnings	246,055	103,668	249,332	0	495,387	103,668
Miscellaneous	782,977	573,478	0	0	782,977	573,478
Total revenues	<u>10,335,640</u>	<u>9,218,312</u>	<u>22,035,581</u>	<u>19,579,849</u>	<u>32,371,221</u>	<u>28,798,161</u>
Program Expenses						
Security of Persons and Property	2,012,902	1,971,943	0	0	2,012,902	1,971,943
Leisure Time Activities	968,030	1,219,744	0	0	968,030	1,219,744
Community Environment	886,145	141,758	0	0	886,145	141,758
Public Health and Welfare Services	95,859	97,591	0	0	95,859	97,591
Transportation	804,230	965,738	0	0	804,230	965,738
General Government	3,025,819	3,144,131	0	0	3,025,819	3,144,131
Interest and Fiscal Charges	111,984	60,100	0	0	111,984	60,100
Water	0	0	1,481,924	1,511,074	1,481,924	1,511,074
Sewer	0	0	1,028,940	776,617	1,028,940	776,617
Refuse Collection	0	0	764,904	719,641	764,904	719,641
Electric Operating	0	0	14,321,251	13,677,315	14,321,251	13,677,315
Communication Operations	0	0	2,134,040	1,641,648	2,134,040	1,641,648
Total expenses	<u>7,904,969</u>	<u>7,601,005</u>	<u>19,731,059</u>	<u>18,326,295</u>	<u>27,636,028</u>	<u>25,927,300</u>
Change in Net Assets before transfers	2,430,671	1,617,307	2,304,522	1,253,554	4,735,193	2,870,861
Transfers	(950,437)	(832,907)	950,437	832,907	0	0
Total Change in Net Assets	1,480,234	784,400	3,254,959	2,086,461	4,735,193	2,870,861
Beginning Net Assets	21,297,471	20,513,071	42,057,916	39,971,455	63,355,387	60,484,526
Ending Net Assets	<u>\$22,777,705</u>	<u>\$21,297,471</u>	<u>\$45,312,875</u>	<u>\$42,057,916</u>	<u>\$68,090,580</u>	<u>\$63,355,387</u>

Governmental Activities

Net assets of the City's governmental activities increased \$1,480,234. This represents a 6.9% change from 2004. Operating grants and contributions increased substantially as a result of increases in community development block grants, while increases in interest rates caused an increase in investment earnings.

CITY OF BRYAN, OHIO

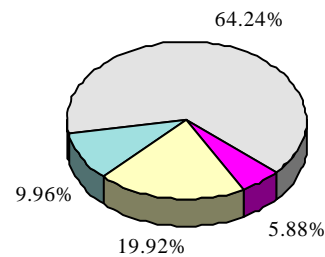
**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005**

Unaudited

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.

Income taxes and property taxes made up 48.7% and 5.5% respectively of revenues for governmental activities for the City in fiscal year 2005. The City's reliance upon tax revenues is demonstrated by the following graph indicating 64% of total revenues from general tax revenues:

Revenue Sources	2005	Percent of Total
General Tax Revenues	\$6,639,714	64.24%
Shared Revenue	608,126	5.88%
Program Revenues	2,058,768	19.92%
General Other	1,029,032	9.96%
Total Revenue	\$10,335,640	100.00%



Business-Type Activities

Net assets of the business-type activities increased \$3,254,959. Amounts received for charges for services and sales increased more than 11% in 2005.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$10,046,079, which is an increase from last year's balance of \$9,102,378. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2005 and 2004:

	Fund Balance December 31, 2005	Fund Balance December 31, 2004	Increase (Decrease)
General	\$1,110,891	\$1,154,260	(\$43,369)
Income Tax 1/2%	2,216,548	2,293,500	(76,952)
Income Tax 1%	1,233,931	1,089,870	144,061
Municipal Building Construction	257	14,318	(14,061)
Capital Improvement	1,056,306	1,061,381	(5,075)
Other Governmental	4,428,146	3,489,049	939,097
Total	\$10,046,079	\$9,102,378	\$943,701

CITY OF BRYAN, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005**

Unaudited

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

	2005	2004	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$1,344,345	\$1,335,199	\$9,146
Intergovernmental Revenue	740,475	872,044	(131,569)
Charges for Services	116,874	141,293	(24,419)
Licenses and Permits	17,116	19,141	(2,025)
Investment Earnings	181,455	73,065	108,390
Fines and Forfeitures	576,702	578,951	(2,249)
All Other Revenue	435,554	340,755	94,799
Total	\$3,412,521	\$3,360,448	\$52,073

General Fund revenues in 2005 remained very stable, increasing approximately 1.5% compared to revenues in fiscal year 2004. Increases in investment earnings can be attributed to higher interest rates, while donations caused an increase in all other revenue.

	2005	2004	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$1,919,064	\$2,172,611	(\$253,547)
Public Health and Welfare Services	94,223	95,123	(900)
Leisure Time Activities	839,488	978,082	(138,594)
General Government	2,359,169	2,281,326	77,843
Total	\$5,211,944	\$5,527,142	(\$315,198)

General Fund expenditures decreased \$315,198 or 5.7% from the prior year. Security of persons and property decreased nearly 12% in 2005, due to a tanker being purchased in 2004. Similarly, leisure time activities decreased substantially due to tennis court improvements in 2004.

	2005	2004	Increase
	Other Financing Sources (Uses)	Other Financing Sources (Uses)	(Decrease)
Transfers In	\$2,200,000	\$2,500,000	(\$300,000)
Transfers Out	(487,956)	(792,128)	304,172
Other	44,010	1,155	42,855
Total	\$1,756,054	\$1,709,027	\$47,027

CITY OF BRYAN, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005**

Unaudited

General Fund other sources and uses remained relatively stable, increasing approximately 3%.

Income Tax ½% Fund – The City's Income Tax ½% fund remained very stable, decreasing by approximately 3%.

Income Tax 1% Fund – The City's Income Tax 1% Fund balance increased 13% due to increases in income tax collections.

Municipal Building Construction Fund – 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 remained very stable, decreasing by less than 1%.

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 2005, the City amended its General Fund budget several times to reflect changing circumstances. The differences between final budgeted receipts and original budgeted receipts were insignificant. General Fund final budget revenues exceed actual revenues by 5.9%.

The differences between final appropriated expenditures and original budgeted appropriations were insignificant. Final budgeted expenditures exceeded actual expenditures by 14.8%. The City budgeted additional funds in the security of persons and property accounts in anticipation of making severance payments to eligible city employees in the police and fire department. Not all of the eligible employees elected to retire in 2005.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the City had \$53,858,966 net of accumulated depreciation invested in land, buildings and improvements, infrastructure, and machinery and equipment. Of this total, \$14,223,558 was related to governmental activities and \$39,635,408 to the business-type activities. The following table shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	Restated 2004	
Land	\$2,187,941	\$2,152,016	\$35,925
Construction In Progress	36,414	356,309	(319,895)
Buildings	9,394,623	9,272,029	122,594
Improvements Other than Buildings	1,961,261	1,903,205	58,056
Infrastructure	2,063,159	1,339,916	723,243
Machinery and Equipment	5,464,509	5,223,835	240,674
Less: Accumulated Depreciation	(6,884,349)	(6,190,604)	(693,745)
Totals	\$14,223,558	\$14,056,706	\$166,852

Increases in infrastructure consisted of street improvement projects, while increases in machinery and equipment mostly consisted of vehicle purchases.

CITY OF BRYAN, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2005	2004	
Land	\$928,116	\$926,639	\$1,477
Construction in Progress	1,923,971	4,826,009	(2,902,038)
Buildings and Improvements	12,689,759	10,492,096	2,197,663
Infrastructure	25,698,782	24,575,534	1,123,248
Machinery and Equipment	41,111,670	39,183,290	1,928,380
Less: Accumulated Depreciation	(42,716,890)	(40,888,906)	(1,827,984)
Totals	\$39,635,408	\$39,114,662	\$520,746

Increases in infrastructure consisted mostly of sewer line additions, as well as field switches and cable lines. A new sludge drying building contributed to the increase in both buildings and improvements and machinery and equipment. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2005, the City had \$44,000 in special assessment bonds outstanding, \$11,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2005 and 2004:

	2005	2004
Governmental Activities:		
Long-Term Bond Anticipation Notes	\$3,300,000	\$3,600,000
Special Assessment Bonds	44,000	55,000
Compensated Absences	1,048,537	1,043,978
Total Governmental Activities	4,392,537	4,698,978
Business-Type Activities:		
Long-Term Notes Payable	5,840,000	6,740,000
Ohio Water Development Authority Loan	1,082,989	1,091,989
Compensated Absences	868,102	810,157
Total Business-Type Activities	7,791,091	8,642,146
Totals	\$12,183,628	\$13,341,124

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, 2005, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 10.

CITY OF BRYAN, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005***

Unaudited

ECONOMIC FACTORS

Conservative budgeting is a reflection of the current economic climate. In November 2005, taxpayers voted a .3% permanent income tax for the Fire Department operations.

Bryan is a commercial and industrial hub for Northwest Ohio. It is conveniently located within one-hour drive of Toledo and Fort Wayne. Cleveland, Cincinnati, Detroit and Chicago are within an easy drive of the City. State routes 2, 15, 6 and 34 are major roadways serving Bryan and the Ohio Turnpike is only 8 miles to the North of the City. Industrial opportunities are available. Bryan continues to attract interest through Enterprise Zone Agreements, revolving loans and working in conjunction with the Bryan Economic Development Office.

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 Ms. Laura Rode, Clerk-Treasurer of the City of Bryan.

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CITY OF BRYAN, OHIO

Statement of Net Assets *December 31, 2005*

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 8,302,378	\$ 9,134,874	\$ 17,437,252
Receivables:			
Accounts	138,994	2,448,835	2,587,829
Intergovernmental	1,195,331	0	1,195,331
Interest	26,018	30,129	56,147
Taxes	2,028,721	0	2,028,721
Special Assessments	784,430	0	784,430
Loans	1,777,049	0	1,777,049
Internal Balance	(293,934)	293,934	0
Inventory of Supplies at Cost	101,787	1,282,482	1,384,269
Prepaid Items	51,094	288,056	339,150
Investment in Joint Venture	0	1,332,734	1,332,734
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	1,750	1,750
Capital Assets, Net	14,223,558	39,635,408	53,858,966
Total Assets	28,335,426	54,448,202	82,783,628
Liabilities:			
Accounts Payable	207,910	971,669	1,179,579
Accrued Wages and Benefits	362,990	303,663	666,653
Intergovernmental Payable	10,129	0	10,129
Claims Payable	102,751	0	102,751
Matured Bonds and Interest Payable	0	1,750	1,750
Deferred Revenue	471,825	0	471,825
Accrued Interest Payable	9,579	67,154	76,733
Noncurrent liabilities:			
Due within one year	3,587,951	1,220,960	4,808,911
Due in more than one year	804,586	6,570,131	7,374,717
Total Liabilities	5,557,721	9,135,327	14,693,048
Net Assets:			
Invested in Capital Assets, Net of Related Debt	10,879,558	32,712,419	43,591,977
Restricted For:			
Capital Projects	2,670,897	0	2,670,897
Debt Service	60,479	0	60,479
Other Purposes	7,667,840	0	7,667,840
Unrestricted	1,498,931	12,600,456	14,099,387
Total Net Assets	\$ 22,777,705	\$ 45,312,875	\$ 68,090,580

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Statement of Activities
For the Year Ended December 31, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 2,012,902	\$ 50,931	\$ 0	\$ 0
Leisure Time Activities	968,030	33,731	0	0
Community Environment	886,145	32,266	524,823	0
Public Health and Welfare	95,859	16,847	0	0
Transportation	804,230	0	422,808	142,691
General Government	3,025,819	781,703	52,968	0
Interest and Fiscal Charges	111,984	0	0	0
Total Governmental Activities	7,904,969	915,478	1,000,599	142,691
Business-Type Activities:				
Water	1,481,924	1,496,493	0	0
Sewer	1,028,940	898,250	0	0
Refuse Collection	764,904	711,963	0	0
Electric Operating	14,321,251	16,927,083	0	0
Communication Operations	2,134,040	1,752,460	0	0
Total Business-Type Activities	19,731,059	21,786,249	0	0
Totals	\$ 27,636,028	\$ 22,701,727	\$ 1,000,599	\$ 142,691

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
\$ (1,961,971)	\$ 0	\$ (1,961,971)
(934,299)	0	(934,299)
(329,056)	0	(329,056)
(79,012)	0	(79,012)
(238,731)	0	(238,731)
(2,191,148)	0	(2,191,148)
(111,984)	0	(111,984)
<u>(5,846,201)</u>	<u>0</u>	<u>(5,846,201)</u>
0	14,569	14,569
0	(130,690)	(130,690)
0	(52,941)	(52,941)
0	2,605,832	2,605,832
0	(381,580)	(381,580)
<u>0</u>	<u>2,055,190</u>	<u>2,055,190</u>
<u>(5,846,201)</u>	<u>2,055,190</u>	<u>(3,791,011)</u>
570,418	0	570,418
5,029,624	0	5,029,624
1,039,672	0	1,039,672
608,126	0	608,126
246,055	249,332	495,387
782,977	0	782,977
(950,437)	950,437	0
<u>7,326,435</u>	<u>1,199,769</u>	<u>8,526,204</u>
1,480,234	3,254,959	4,735,193
<u>21,297,471</u>	<u>42,057,916</u>	<u>63,355,387</u>
<u>\$ 22,777,705</u>	<u>\$ 45,312,875</u>	<u>\$ 68,090,580</u>

CITY OF BRYAN, OHIO

Balance Sheet
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Income Tax 1/2 %</u>	<u>Income Tax 1 %</u>
Assets:			
Cash and Cash Equivalents	\$ 1,087,126	\$ 2,000,675	\$ 807,464
Receivables:			
Taxes	1,120,544	302,611	605,566
Accounts	100,167	0	0
Intergovernmental	451,117	0	0
Interest	20,017	0	0
Special Assessments	0	0	0
Loans	0	0	0
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	35,223	0	0
Total Assets	<u><u>\$ 2,814,194</u></u>	<u><u>\$ 2,303,286</u></u>	<u><u>\$ 1,413,030</u></u>
Liabilities:			
Accounts Payable	\$ 124,942	\$ 0	\$ 2,235
Accrued Wages and Benefits Payable	307,207	0	2,844
Intergovernmental Payable	9,449	0	544
Deferred Revenue	1,230,880	86,738	173,476
Compensated Absences Payable	30,825	0	0
Total Liabilities	<u><u>1,703,303</u></u>	<u><u>86,738</u></u>	<u><u>179,099</u></u>
Fund Balance:			
Reserved for Encumbrances	185,703	0	6,306
Reserved for Prepaid Items	35,223	0	0
Reserved for Supplies Inventory	0	0	0
Reserved for Loans Receivable	0	0	0
Undesignated, Unreserved in:			
General Fund	889,965	0	0
Special Revenue Funds	0	2,216,548	1,227,625
Debt Service Fund	0	0	0
Capital Project Funds	0	0	0
Total Fund Balance	<u><u>1,110,891</u></u>	<u><u>2,216,548</u></u>	<u><u>1,233,931</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 2,814,194</u></u>	<u><u>\$ 2,303,286</u></u>	<u><u>\$ 1,413,030</u></u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Municipal Building Construction	Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 257	\$ 1,063,308	\$ 2,485,595	\$ 7,444,425
0	0	0	2,028,721
0	0	38,827	138,994
0	0	744,214	1,195,331
0	0	3,170	23,187
0	723,598	60,832	784,430
0	0	1,777,049	1,777,049
0	0	101,787	101,787
0	0	15,871	51,094
<u>\$ 257</u>	<u>\$ 1,786,906</u>	<u>\$ 5,227,345</u>	<u>\$ 13,545,018</u>
\$ 0	\$ 7,002	\$ 18,745	\$ 152,924
0	0	52,939	362,990
0	0	136	10,129
0	723,598	719,227	2,933,919
0	0	8,152	38,977
<u>0</u>	<u>730,600</u>	<u>799,199</u>	<u>3,498,939</u>
0	91,251	35,216	318,476
0	0	15,871	51,094
0	0	101,787	101,787
0	0	1,777,049	1,777,049
0	0	0	889,965
0	0	1,598,261	5,042,434
0	0	9,226	9,226
<u>257</u>	<u>965,055</u>	<u>890,736</u>	<u>1,856,048</u>
<u>257</u>	<u>1,056,306</u>	<u>4,428,146</u>	<u>10,046,079</u>
<u>\$ 257</u>	<u>\$ 1,786,906</u>	<u>\$ 5,227,345</u>	<u>\$ 13,545,018</u>

CITY OF BRYAN, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2005***

Total Governmental Fund Balances	\$ 10,046,079
<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.	14,223,558
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,462,094
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.	409,113
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	(3,300,000)
Special Assessment Bonds Payable	(44,000)
Compensated Absences Payable	(1,009,560)
Accrued Interest Payable	(9,579)
	<u>(4,363,139)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 22,777,705</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, 2005

	General	Income Tax 1/2 %	Income Tax 1 %
Revenues:			
Taxes	\$ 1,344,345	\$ 1,671,474	\$ 3,343,170
Intergovernmental Revenues	740,475	0	0
Charges for Services	116,874	0	0
Licenses and Permits	17,116	0	0
Investment Earnings	181,455	0	0
Special Assessments	0	0	0
Fines and Forfeitures	576,702	0	1,033
All Other Revenue	435,554	33	67
Total Revenue	<u>3,412,521</u>	<u>1,671,507</u>	<u>3,344,270</u>
Expenditures:			
Current:			
Security of Persons and Property	1,919,064	0	0
Public Health and Welfare	94,223	0	0
Leisure Time Activities	839,488	0	0
Community Environment	0	0	0
Transportation	0	0	0
General Government	2,359,169	63,502	219,209
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	0	0	0
Total Expenditures	<u>5,211,944</u>	<u>63,502</u>	<u>219,209</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,799,423)	1,608,005	3,125,061
Other Financing Sources (Uses):			
Sale of Capital Assets	44,010	0	0
Sale of Notes	0	0	0
Transfers In	2,200,000	0	0
Transfers Out	(487,956)	(1,684,957)	(2,981,000)
Total Other Financing Sources (Uses)	<u>1,756,054</u>	<u>(1,684,957)</u>	<u>(2,981,000)</u>
Net Change in Fund Balance	(43,369)	(76,952)	144,061
Fund Balance at Beginning of Year	1,154,260	2,293,500	1,089,870
Increase in Inventory Reserve	0	0	0
Fund Balance End of Year	<u>\$ 1,110,891</u>	<u>\$ 2,216,548</u>	<u>\$ 1,233,931</u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Municipal Building Construction	Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 6,358,989
0	142,691	900,908	1,784,074
0	0	0	116,874
0	0	0	17,116
0	1,692	34,597	217,744
0	103,241	13,741	116,982
0	0	203,753	781,488
0	7,260	340,063	782,977
<u>0</u>	<u>254,884</u>	<u>1,493,062</u>	<u>10,176,244</u>
0	0	23,114	1,942,178
0	0	0	94,223
0	0	0	839,488
0	0	886,145	886,145
0	0	716,711	716,711
0	0	145,257	2,787,137
0	946,659	0	946,659
3,600,000	0	11,000	3,611,000
<u>105,061</u>	<u>0</u>	<u>4,262</u>	<u>109,323</u>
<u>3,705,061</u>	<u>946,659</u>	<u>1,786,489</u>	<u>11,932,864</u>
(3,705,061)	(691,775)	(293,427)	(1,756,620)
0	0	0	44,010
3,300,000	0	0	3,300,000
391,000	1,100,000	1,293,973	4,984,973
0	(413,300)	(80,000)	(5,647,213)
<u>3,691,000</u>	<u>686,700</u>	<u>1,213,973</u>	<u>2,681,770</u>
(14,061)	(5,075)	920,546	925,150
14,318	1,061,381	3,489,049	9,102,378
0	0	18,551	18,551
<u>\$ 257</u>	<u>\$ 1,056,306</u>	<u>\$ 4,428,146</u>	<u>\$ 10,046,079</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, 2005***

Net Change in Fund Balances - Total Governmental Funds \$ 925,150

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 capital outlays exceeded depreciation in the current period.

Capital Outlay	886,005	
Depreciation Expense	<u>(702,945)</u>	183,060

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.	(16,208)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	131,085
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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.

General Obligation Notes Issued	(3,300,000)
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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.

Special Assessment Bond Principal Payment	11,000	
Long Term Bond Anticipation Note	<u>3,600,000</u>	3,611,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(2,661)
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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	(14,205)	
Change in Inventory	<u>18,551</u>	4,346

Internal Service Funds used by management to charge the costs of 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.

(55,538)

Change in Net Assets of Governmental Activities

\$ 1,480,234

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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,356,696	\$ 1,356,696	\$ 1,346,313	\$ (10,383)
Intergovernmental Revenue	801,600	801,600	746,948	(54,652)
Charges for Services	126,856	126,856	140,019	13,163
Licenses and Permits	15,040	15,040	16,116	1,076
Investment Earnings	86,000	86,000	169,578	83,578
Fines and Forfeitures	605,250	605,250	575,671	(29,579)
All Other Revenues	267,500	318,185	405,940	87,755
Total Revenues	<u>3,258,942</u>	<u>3,309,627</u>	<u>3,400,585</u>	<u>90,958</u>
Expenditures:				
Current:				
Security of Persons and Property	2,571,684	2,534,048	2,062,270	471,778
Public Health and Welfare	116,116	108,404	102,008	6,396
Leisure Time Activities	680,558	901,320	867,684	33,636
General Government	2,683,516	2,708,695	2,336,273	372,422
Total Expenditures	<u>6,051,874</u>	<u>6,252,467</u>	<u>5,368,235</u>	<u>884,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,792,932)	(2,942,840)	(1,967,650)	975,190
Other Financing Sources (Uses):				
Sale of Capital Assets	0	33,000	13,125	(19,875)
Transfers In	2,600,000	2,600,000	2,200,000	(400,000)
Transfers Out	(522,500)	(522,500)	(487,956)	34,544
Total Other Financing Sources (Uses):	<u>2,077,500</u>	<u>2,110,500</u>	<u>1,725,169</u>	<u>(385,331)</u>
Net Change in Fund Balance	(715,432)	(832,340)	(242,481)	589,859
Fund Balance at Beginning of Year	918,653	918,653	918,653	0
Prior Year Encumbrances	225,253	225,253	225,253	0
Fund Balance at End of Year	<u>\$ 428,474</u>	<u>\$ 311,566</u>	<u>\$ 901,425</u>	<u>\$ 589,859</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,492,000	\$ 1,492,000	\$ 1,656,161	\$ 164,161
All Other Revenues	0	0	33	33
Total Revenues	1,492,000	1,492,000	1,656,194	164,194
Expenditures:				
Current:				
General Government	36,500	92,500	63,502	28,998
Total Expenditures	36,500	92,500	63,502	28,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,455,500	1,399,500	1,592,692	193,192
Other Financing Sources (Uses):				
Transfers Out	(2,000,000)	(2,124,957)	(1,684,957)	440,000
Total Other Financing Sources (Uses):	(2,000,000)	(2,124,957)	(1,684,957)	440,000
Net Change in Fund Balance	(544,500)	(725,457)	(92,265)	633,192
Fund Balance at Beginning of Year	2,092,940	2,092,940	2,092,940	0
Fund Balance at End of Year	\$ 1,548,440	\$ 1,367,483	\$ 2,000,675	\$ 633,192

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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,984,000	\$ 2,984,000	\$ 3,312,320	\$ 328,320
Fines and Forfeitures	200	200	1,033	833
All Other Revenues	0	0	67	67
Total Revenues	<u>2,984,200</u>	<u>2,984,200</u>	<u>3,313,420</u>	<u>329,220</u>
Expenditures:				
Current:				
General Government	187,697	300,196	222,625	77,571
Total Expenditures	<u>187,697</u>	<u>300,196</u>	<u>222,625</u>	<u>77,571</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,796,503	2,684,004	3,090,795	406,791
Other Financing Sources (Uses):				
Transfers Out	(3,321,000)	(3,321,000)	(2,981,000)	340,000
Total Other Financing Sources (Uses):	<u>(3,321,000)</u>	<u>(3,321,000)</u>	<u>(2,981,000)</u>	<u>340,000</u>
Net Change in Fund Balance	(524,497)	(636,996)	109,795	746,791
Fund Balance at Beginning of Year	686,878	686,878	686,878	0
Prior Year Encumbrances	4,486	4,486	4,486	0
Fund Balance at End of Year	<u>\$ 166,867</u>	<u>\$ 54,368</u>	<u>\$ 801,159</u>	<u>\$ 746,791</u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2005**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 383,159	\$ 702,504	\$ 178,424
Receivables:			
Accounts	146,810	88,710	79,630
Interest	1,718	1,971	589
Inventory of Supplies at Cost	116,012	19,795	0
Prepaid Items	16,313	27,254	9,506
Total current assets	<u>664,012</u>	<u>840,234</u>	<u>268,149</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	1,750	0
Total restricted assets	<u>0</u>	<u>1,750</u>	<u>0</u>
Investment in Joint Venture	0	0	0
Interfund Loan Receivable	0	0	0
Capital Assets, Net	4,488,874	11,517,068	266,246
Total noncurrent assets	<u>4,488,874</u>	<u>11,518,818</u>	<u>266,246</u>
Total assets	<u>5,152,886</u>	<u>12,359,052</u>	<u>534,395</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	25,471	11,644	11,540
Accrued Wages and Benefits	51,291	25,898	29,180
Claims Payable	0	0	0
Matured Bonds and Interest Payable	0	1,750	0
Accrued Interest Payable	0	0	0
OWDA Loans Payable - Current	0	116,525	0
Long Term Note Payable - Current	0	0	0
Total Current Liabilities	<u>76,762</u>	<u>155,817</u>	<u>40,720</u>
Noncurrent Liabilities:			
OWDA Loans Payable	0	966,464	0
Long-Term Note Payable	0	0	0
Interfund Loan Payable	0	0	0
Compensated Absences Payable	123,648	117,007	71,410
Total noncurrent liabilities	<u>123,648</u>	<u>1,083,471</u>	<u>71,410</u>
Total Liabilities	<u>200,410</u>	<u>1,239,288</u>	<u>112,130</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,488,874	10,434,079	266,246
Unrestricted (Deficit)	463,602	685,685	156,019
Total Net Assets	<u>\$ 4,952,476</u>	<u>\$ 11,119,764</u>	<u>\$ 422,265</u>

Adjustment to reflect the consolidation of internal service 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

Electric Operating	Communication Operations	Total	Governmental Activities - Internal Service Funds
\$ 7,685,010	\$ 185,777	\$ 9,134,874	\$ 857,953
1,944,825	188,860	2,448,835	0
25,235	616	30,129	2,831
1,146,675	0	1,282,482	0
227,186	7,797	288,056	0
<u>11,028,931</u>	<u>383,050</u>	<u>13,184,376</u>	<u>860,784</u>
<u>0</u>	<u>0</u>	<u>1,750</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>1,750</u>	<u>0</u>
1,332,734	0	1,332,734	0
1,872,000	0	1,872,000	0
15,724,948	7,638,272	39,635,408	0
18,929,682	7,638,272	42,841,892	0
29,958,613	8,021,322	56,026,268	860,784
782,526	140,488	971,669	54,986
173,387	23,907	303,663	0
0	0	0	102,751
0	0	1,750	0
67,154	0	67,154	0
0	0	116,525	0
900,000	0	900,000	0
<u>1,923,067</u>	<u>164,395</u>	<u>2,360,761</u>	<u>157,737</u>
0	0	966,464	0
4,940,000	0	4,940,000	0
0	1,872,000	1,872,000	0
497,125	58,912	868,102	0
<u>5,437,125</u>	<u>1,930,912</u>	<u>8,646,566</u>	<u>0</u>
<u>7,360,192</u>	<u>2,095,307</u>	<u>11,007,327</u>	<u>157,737</u>
9,884,948	7,638,272	32,712,419	0
<u>12,713,473</u>	<u>(1,712,257)</u>	<u>12,306,522</u>	<u>703,047</u>
<u>\$ 22,598,421</u>	<u>\$ 5,926,015</u>	<u>45,018,941</u>	<u>\$ 703,047</u>
		<u>293,934</u>	
		<u>\$ 45,312,875</u>	

CITY OF BRYAN, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
Operating Revenues:			
Charges for Services	\$ 1,477,357	\$ 822,672	\$ 629,019
Other Operating Revenues	9,042	75,482	78,629
Total Operating Revenues	<u>1,486,399</u>	<u>898,154</u>	<u>707,648</u>
Operating Expenses:			
Personal Services	827,974	409,639	469,548
Contractual Services	289,793	51,524	228,934
Materials and Supplies	128,672	60,761	47,593
Health Insurance Claims	0	0	0
Depreciation	235,370	368,993	18,829
Other Operating Expenses	115	0	0
Total Operating Expenses	<u>1,481,924</u>	<u>890,917</u>	<u>764,904</u>
Operating Income (Loss)	4,475	7,237	(57,256)
Non-Operating Revenue (Expenses):			
Interest Income	14,532	15,509	6,092
Interest and Fiscal Charges	0	(9,358)	0
Income from Joint Venture	0	0	0
Loss on Disposal of Capital Assets	0	(8,233)	0
Capital Contributions	0	288,197	0
Other Nonoperating Revenue	10,094	96	4,315
Total Non-Operating Revenues (Expenses)	<u>24,626</u>	<u>286,211</u>	<u>10,407</u>
Income (Loss) Before Transfers	29,101	293,448	(46,849)
Transfers:			
Transfers-In	0	184,957	0
Transfers-Out	0	0	0
Total Transfers	<u>0</u>	<u>184,957</u>	<u>0</u>
Change in Net Assets	29,101	478,405	(46,849)
Net Assets Beginning of Year	<u>4,923,375</u>	<u>10,641,359</u>	<u>469,114</u>
Net Assets End of Year	<u>\$ 4,952,476</u>	<u>\$ 11,119,764</u>	<u>\$ 422,265</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

Electric Operating	Communication Operations	Total	Governmental Activities - Internal Service Funds
\$ 16,139,206	\$ 1,674,180	\$ 20,742,434	\$ 1,456,920
361,618	7,361	532,132	0
<u>16,500,824</u>	<u>1,681,541</u>	<u>21,274,566</u>	<u>1,456,920</u>
2,527,581	282,597	4,517,339	0
9,934,545	1,222,328	11,727,124	0
769,474	52,953	1,059,453	0
0	0	0	1,661,201
803,785	542,570	1,969,547	0
99,013	0	99,128	0
<u>14,134,398</u>	<u>2,100,448</u>	<u>19,372,591</u>	<u>1,661,201</u>
2,366,426	(418,907)	1,901,975	(204,281)
207,239	5,960	249,332	28,311
(177,296)	(33,592)	(220,246)	0
196,395	0	196,395	0
(9,557)	0	(17,790)	0
0	0	288,197	0
<u>229,864</u>	<u>70,919</u>	<u>315,288</u>	<u>0</u>
446,645	43,287	811,176	28,311
2,813,071	(375,620)	2,713,151	(175,970)
487,956	0	672,913	0
(10,673)	0	(10,673)	0
<u>477,283</u>	<u>0</u>	<u>662,240</u>	<u>0</u>
3,290,354	(375,620)	3,375,391	(175,970)
<u>19,308,067</u>	<u>6,301,635</u>	<u>41,643,550</u>	<u>879,017</u>
<u>\$ 22,598,421</u>	<u>\$ 5,926,015</u>	<u>\$ 45,018,941</u>	<u>\$ 703,047</u>
		\$ 3,375,391	
		<u>(120,432)</u>	
		<u>\$ 3,254,959</u>	

CITY OF BRYAN, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,439,082	\$874,383	\$697,215
Cash Payments for Goods and Services	(410,662)	(139,034)	(280,410)
Cash Payments to Employees	(815,928)	(397,633)	(461,642)
Net Cash Provided (Used) by Operating Activities	<u>212,492</u>	<u>337,716</u>	<u>(44,837)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	184,957	0
Transfers Out to Other Funds	0	0	0
Advances In from Other Funds	0	0	0
Advances Out to Other Funds	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>184,957</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Capital Contributions from Joint Venture	0	0	0
OWDA Loan Proceeds	0	106,599	0
OWDA Loan Retirement	0	(115,599)	0
Principal Retirement on General Obligation Notes	0	0	0
Interest and Fiscal Charges	0	(9,358)	0
Acquisition and Construction of Assets	(205,854)	(355,985)	0
Net Cash Used for Capital and Related Financing Activities	<u>(205,854)</u>	<u>(374,343)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	13,573	14,167	5,835
Net Cash Provided by Noncapital Financing Activities	<u>13,573</u>	<u>14,167</u>	<u>5,835</u>
Net Increase (Decrease) in Cash and Cash Equivalents	20,211	162,497	(39,002)
Cash and Cash Equivalents at Beginning of Year	362,948	541,757	217,426
Cash and Cash Equivalents at End of Year	<u>\$383,159</u>	<u>\$704,254</u>	<u>\$178,424</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$383,159	\$702,504	\$178,424
Cash with Fiscal Agent	0	1,750	0
Cash and Cash Equivalents at End of Year	<u>\$383,159</u>	<u>\$704,254</u>	<u>\$178,424</u>

See accompanying notes to the basic financial statements

CITY OF BRYAN, OHIO

Electric Operating	Communication Operations	Totals	Governmental- Activities Internal Service Fund
\$16,250,568	\$1,708,262	\$20,969,510	\$1,456,920
(10,360,961)	(1,227,649)	(12,418,716)	(1,832,273)
(2,506,726)	(250,312)	(4,432,241)	0
<u>3,382,881</u>	<u>230,301</u>	<u>4,118,553</u>	<u>(375,353)</u>
487,956	0	672,913	0
(10,673)	0	(10,673)	0
104,000	0	104,000	0
0	(104,000)	(104,000)	0
<u>581,283</u>	<u>(104,000)</u>	<u>662,240</u>	<u>0</u>
144,774	0	144,774	0
0	0	106,599	0
0	0	(115,599)	0
(900,000)	0	(900,000)	0
(148,335)	(33,592)	(191,285)	0
(1,702,607)	(113,001)	(2,377,447)	0
<u>(2,606,168)</u>	<u>(146,593)</u>	<u>(3,332,958)</u>	<u>0</u>
<u>191,319</u>	<u>5,652</u>	<u>230,546</u>	<u>27,324</u>
<u>191,319</u>	<u>5,652</u>	<u>230,546</u>	<u>27,324</u>
1,549,315	(14,640)	1,678,381	(348,029)
6,135,695	200,417	7,458,243	1,205,982
<u>\$7,685,010</u>	<u>\$185,777</u>	<u>\$9,136,624</u>	<u>\$857,953</u>
\$7,685,010	\$185,777	9,134,874	\$857,953
0	0	1,750	0
<u>\$7,685,010</u>	<u>\$185,777</u>	<u>\$9,136,624</u>	<u>\$857,953</u>

(Continued)

CITY OF BRYAN, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$4,475	\$7,237	(\$57,256)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	235,370	368,993	18,829
Non-Operating Revenue	10,094	96	4,315
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(57,759)	(23,867)	(14,748)
(Increase) Decrease in Inventory	1,204	(7,234)	0
Increase in Intergovernmental Receivables	348	0	0
Increase in Prepays	(552)	(2,811)	(306)
Increase (Decrease) in Accounts Payable	7,266	(16,704)	(3,577)
Increase in Accrued Wages and Benefits	5,949	1,287	3,542
Decrease in Claims Payable	0	0	0
Increase in Compensated Absences	6,097	10,719	4,364
Total Adjustments	208,017	330,479	12,419
Net Cash Provided (Used) by Operating Activities	<u>\$212,492</u>	<u>\$337,716</u>	<u>(\$44,837)</u>

CITY OF BRYAN, OHIO

Electric Operating	Communication Operations	Totals	Governmental- Activities Internal Service Fund
\$2,366,426	(\$418,907)	\$1,901,975	(\$204,281)
803,785	542,570	1,969,547	0
369,375	71,310	455,190	0
(524,585)	(44,589)	(665,548)	0
408,550	0	402,520	0
49,728	0	50,076	0
(3,279)	(394)	(7,342)	0
(107,974)	48,026	(72,963)	(99,044)
11,141	5,234	27,153	0
0	0	0	(72,028)
9,714	27,051	57,945	0
<u>1,016,455</u>	<u>649,208</u>	<u>2,216,578</u>	<u>(171,072)</u>
<u>\$3,382,881</u>	<u>\$230,301</u>	<u>\$4,118,553</u>	<u>(\$375,353)</u>

CITY OF BRYAN, OHIO

***Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2005***

	<u>Agency Fund</u>
Assets:	
Cash and Cash Equivalents	\$ 22,791
Total Assets	<u>22,791</u>
Liabilities:	
Due to Others	<u>22,791</u>
Total Liabilities	<u>22,791</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, 2005

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 financial statements are presented as of December 31, 2005 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, 2005

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 12 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, 2005

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, uses 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 resources" 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, 2005

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.

Communication Operations 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, 2005

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, 2005

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, 2005 but which are not intended to finance 2005 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

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. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

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 the department level for the General Fund and the fund level for all other funds. 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 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 2005.

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 and department level for the General Fund and at the fund level for all other funds 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, 2005

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 legal level of control 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 "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, 2005**

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:

	Net Change in Fund Balance		
	General Fund	Income Tax 1/2% Fund	Income Tax 1% Fund
GAAP Basis (as reported)	(\$43,369)	(\$76,952)	\$144,061
Increase (Decrease):			
Accrued Revenues at December 31, 2005 received during 2006	(460,965)	(215,873)	(432,090)
Accrued Revenues at December 31, 2004 received during 2005	418,144	200,560	401,240
Accrued Expenditures at December 31, 2005 paid during 2006	472,423	0	5,623
Accrued Expenditures at December 31, 2004 paid during 2005	(441,982)	0	(2,734)
2004 Prepays for 2005	34,192	0	0
2005 Prepays for 2006	(35,223)	0	0
Outstanding Encumbrances	(185,701)	0	(6,305)
Budget Basis	<u>(\$242,481)</u>	<u>(\$92,265)</u>	<u>\$109,795</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). The amounts in 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 STAR Ohio is considered to be cash equivalents. See Note 3, "Cash, Cash Equivalents and Investments."

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

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. The City allocates interest among the various funds based upon applicable legal and administrative requirements. See Note 3, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2005. 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, 2005.

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, 2005, 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. The City has not reported infrastructure relating to governmental type activities. In accordance with GASB Statement No. 34 the City is planning on retroactively reporting all major general infrastructure beginning in 2007.

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005***

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 and construction in progress. 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, 2005***

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>
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, Communication Operations Fund
Long Term Notes Payable	Electric Fund
Ohio Water Development Authority Loan Payable	Water 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, 2005

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, 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 in the financial statements 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, 2005

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 extraordinary or special items to report during fiscal year 2005.

NOTE 2 – RESTATEMENT OF NET ASSETS

Certain adjustments were necessary to the beginning net asset balance of the Governmental Activities due to errors in accounting for capital assets. The City's Governmental Activities net assets at December 31, 2004 decreased \$173,754, to a restated amount of \$21,297,471.

NOTE 3 - 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 five 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.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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;
- 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).

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. 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. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005**

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$5,529,373 and the bank balance was \$6,038,249. Federal depository insurance covered \$400,000 of the bank balance and \$5,638,249 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	\$5,638,249
Total Balance	\$5,638,249

At year end the City had \$3,270 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

B. Investments

The City's investments at December 31, 2005 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	\$11,929,150	AAAm ¹	\$11,929,150	\$0	\$0

¹ Standard & Poor's

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is 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 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 Financial Statements	\$17,461,793	\$0
Less: Petty Cash	(3,270)	
Investments:		
STAR Ohio	(11,929,150)	11,929,150
Per GASB Statement No. 3	\$5,529,373	\$11,929,150

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 4 - 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 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, 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, 2005 was \$2.80 per \$1,000 of assessed value. The assessed value upon which the 2005 levy was based was \$199,445,040. This amount constitutes \$150,553,970 in real property assessed value, \$1,771,280 in public utility assessed value and \$47,119,790 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.

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.

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005**

NOTE 4 - TAXES (Continued)

B. Income Tax (Continued)

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 5 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2005:

Fund	Transfer In	Transfer Out
General Fund	\$2,200,000	\$487,956
Income Tax 1/2% Fund	0	1,684,957
Income Tax 1% Fund	0	2,981,000
Municipal Building Construction Fund	391,000	0
Capital Improvement Fund	1,100,000	413,300
Other Governmental Funds	1,293,973	80,000
Total Governmental Funds	4,984,973	5,647,213
Sewer Fund	184,957	0
Electric Operating Fund	487,956	10,673
Total Proprietary Funds	672,913	10,673
Totals	<u>\$5,657,886</u>	<u>\$5,657,886</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2005 consisted of taxes, accounts receivables, special assessments receivable, loans receivable, interest receivable and intergovernmental receivables arising from shared revenues.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Loans Receivable	Interfund Loans Payable
Enterprise Funds:		
Electric Fund	\$1,872,000	\$0
Communication Operations Fund	0	1,872,000
Total	<u>\$1,872,000</u>	<u>\$1,872,000</u>

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2005:

<i>Historical Cost:</i>	Restated			December 31,
Class	December 31, 2004	Additions	Deletions	December 31, 2005
<i>Capital assets not being depreciated:</i>				
Land	\$2,152,016	\$49,200	(\$13,275)	\$2,187,941
Construction in Progress	356,309	25,598	(345,493)	36,414
<i>Capital assets being depreciated:</i>				
Buildings	9,272,029	122,594	0	9,394,623
Improvements Other than Buildings	1,903,205	58,056	0	1,961,261
Infrastructure	1,339,916	723,243	0	2,063,159
Machinery and Equipment	5,223,835	252,807	(12,133)	5,464,509
Total Cost	<u>\$20,247,310</u>	<u>\$1,231,498</u>	<u>(\$370,901)</u>	<u>\$21,107,907</u>
 <i>Accumulated Depreciation:</i>				
Class	December 31, 2004	Additions	Deletions	December 31, 2005
Buildings	(\$2,023,016)	(\$242,112)	\$0	(\$2,265,128)
Improvements Other than Buildings	(992,983)	(80,329)	0	(1,073,312)
Infrastructure	(9,201)	(28,814)	0	(38,015)
Machinery and Equipment	(3,165,404)	(351,690)	9,200	(3,507,894)
Total Accumulated Depreciation	<u>(\$6,190,604)</u>	<u>(\$702,945) *</u>	<u>\$9,200</u>	<u>(\$6,884,349)</u>
 <i>Net Value:</i>	 <u>\$14,056,706</u>			 <u>\$14,223,558</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$128,946
Public Health and Welfare	1,636
Leisure Time Activity	204,661
Transportation	94,974
General Government	272,728
Total Depreciation Expense	<u>\$702,945</u>

CITY OF BRYAN, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2005:

Historical Cost:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
<i>Capital assets not being depreciated:</i>				
Land	\$926,639	\$14,752	(\$13,275)	\$928,116
Construction in Progress	4,826,009	846,494	(3,748,532)	1,923,971
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	10,492,096	2,197,663	0	12,689,759
Infrastructure	24,575,534	1,123,248	0	25,698,782
Machinery and Equipment	39,183,290	2,087,583	(159,203)	41,111,670
Total Cost	<u>\$80,003,568</u>	<u>\$6,269,740</u>	<u>(\$3,921,010)</u>	<u>\$82,352,298</u>

Accumulated Depreciation:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Buildings and Improvements	(\$4,547,295)	(\$324,105)	\$0	(\$4,871,400)
Infrastructure	(4,903,340)	(678,605)	0	(5,581,945)
Machinery and Equipment	(31,438,271)	(966,837)	141,563	(32,263,545)
Total Accumulated Depreciation	<u>(\$40,888,906)</u>	<u>(\$1,969,547)</u>	<u>\$141,563</u>	<u>(\$42,716,890)</u>
 <i>Net Value:</i>	 <u>\$39,114,662</u>			 <u>\$39,635,408</u>

NOTE 9 – 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.”

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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. 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 that has elements of both a defined benefit and defined contribution 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, including postemployment health care 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) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2005 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% 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, 2005, 2004, and 2003 were \$687,364, \$681,079 and \$659,737, 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 under the TP and CO plans 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 2005 employer contribution rate (identified above) that was used to fund health care for the year 2005 was 4.0% of covered payroll which amounted to \$202,912.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. 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 2004 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 plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 376,109. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2004 is \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, Ohio PERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan

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.

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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, 2005, 2004, and 2003 were \$162,327, \$171,251 and \$163,347 for police and \$50,092, \$48,174 and \$46,444 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.

The portion of the 2005 covered payroll that was used to fund postemployment health care benefits was \$64,515 representing 7.75% of covered payroll for police and \$16,176 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, 2004, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,812 for police and 10,528 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, 2004 were \$102,173,796, which was net of member contributions of \$55,665,341.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2005 were as follows:

Interest Rate	Purpose	Maturity Date	Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005	Amount Due Within One Year
Governmental Activities:							
Capital Projects Fund Bond Anticipation Notes Payable							
2.63%	Municipal Building Construction		\$3,600,000	\$0	(\$3,600,000)	\$0	\$0
3.50%	Municipal Building Construction		0	3,300,000	0	3,300,000	3,300,000
Total Capital Projects Fund Bond Anticipation Notes Payable			3,600,000	3,300,000	(3,600,000)	3,300,000	3,300,000
Special Assessment Bonds							
with Governmental Commitment:							
7.75%	Street Lighting and East End Sewer		55,000	0	(11,000)	44,000	11,000
Compensated Absences			1,043,978	1,048,537	(1,043,978)	1,048,537	276,951
Total Governmental Activities			4,698,978	4,348,537	(4,654,978)	4,392,537	3,587,951
Business-Type Activities:							
Electric Fund Long Term Notes Payable:							
3.50%	Cable Facilities and Improvements	2023	6,740,000	0	(900,000)	5,840,000	900,000
Ohio Water Development Authority Loan							
0.80%	Waste Water Treatment Plant	2015	1,091,989	106,599	(115,599)	1,082,989	116,525
Compensated Absences			810,157	868,102	(810,157)	868,102	204,435
Total Business-Type Activities			8,642,146	974,701	(1,825,756)	7,791,091	1,220,960
Total Other Long-Term Obligations			\$13,341,124	\$5,323,238	(\$6,480,734)	\$12,183,628	\$4,808,911

The principal amount of the City's special assessment debt outstanding at December 31, 2005, \$44,000, 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 \$9,226 in the Special Assessment Bond Retirement Fund at December 31, 2005 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.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

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 2, 2005 in the amount of \$3,300,000 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 3.50 percent and will mature on November 30, 2006. These notes are considered long-term debt of the City.

The City has authorized an Ohio Water Development Authority loan in the amount of \$1,202,721 for the construction of solid handling improvements at the wastewater treatment plant. The City has drawn down \$1,144,686 as of December 31, 2005. The remaining available balance to be drawn in the amount of \$58,035 is still authorized but not issued. The loan is being repaid from the Sewer Fund.

A. Long-Term Funding Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005 were as follows:

Years	Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest
2006	\$11,000	\$3,410	\$116,525	\$8,431
2007	11,000	2,558	117,459	7,497
2008	11,000	1,705	118,401	6,556
2009	11,000	852	119,350	5,606
2010	0	0	120,306	4,650
2011-2015	0	0	490,948	8,880
Totals	<u>\$44,000</u>	<u>\$8,525</u>	<u>\$1,082,989</u>	<u>\$41,620</u>

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005***

NOTE 11 - 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.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from the above noted risks have not exceeded commercial insurance coverages during the past three years.

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

The claims liability of \$102,751 reported in the fund at December 31, 2005 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 2004 and 2005 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>
2004	\$106,763	\$1,503,960	(\$1,435,944)	\$174,779
2005	174,779	1,606,215	(1,678,243)	102,751

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 12 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

A. 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 \$1,129,458 at December 31, 2005. 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 (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.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2005 Bryan has met their debt coverage obligation.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 12 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

A. Joint Ventures with an Equity Interest (Continued)

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

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 Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

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 to date in OMEGA JV5 was \$203,276 at December 31, 2005. 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.

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 \$3,600 to the Task Force in 2005. 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.

CITY OF BRYAN, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

NOTE 12 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 2005, the City paid administrative fees of \$92,000 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 2005, the City paid \$1,885,788 to AMP – Ohio.

NOTE 13 - 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 14 – 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 2005, the communication fund paid \$204,737 in lease payments to the electric fund for the use of its fiber – coax plant.

CITY OF BRYAN, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2005***

NOTE 15 – COMPLIANCE

The Clerk-Treasurer did not always certify expenditures at the time a commitment was incurred, contrary to the requirements of the Ohio Revised Code. The City will continue to use blanket purchase orders, super blanket purchase orders and “then” and “now” certifications as a means to properly certify its expenditures.

**CITY OF BRYAN
WILLIAMS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

<i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through the Ohio Department of Development</i>			
Home Investment Partnerships Program (Chip)	A-C-03-098-2	14.239	356,075
Community Development Block Grant (Chip)	A-C-03-098-1	14.228	92,050
Community Development Block Grant (Economic Development)	A-E-04-098-1	14.228	<u>325,000</u>
Total			<u>417,050</u>
Total U.S. Department of Housing and Urban Development			<u>773,125</u>
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership Grant		16.607	<u>870</u>
Total			<u>\$ 773,995</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**CITY OF BRYAN
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2005**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - 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 and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on 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, 2005, the gross amount of loans outstanding under this program was \$1,777,049.

NOTE 3 - 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 INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Bryan
Williams County
321 West Bryan Street
Bryan, Ohio 43506-0190

To the Members of City Council and the 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 City of Bryan, Williams County (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 28, 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated November 28, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the City's management dated November 28, 2006, we reported other matters related to noncompliance we deemed immaterial.

One Government Center / Room 1420 / Toledo, OH 43604-2246
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www.auditor.state.oh.us

City of Bryan
Williams County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By Government Auditing Standards
Page 2

We intend this report solely for the information and use of the audit committee, management, city council, board of public affairs, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 28, 2006



**Auditor of State
Betty Montgomery**

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

City of Bryan
Williams County
321 West Bryan Street
Bryan, Ohio 43506-0190

To the Members of City Council and the Board of Public Affairs:

Compliance

We have audited the compliance of the City of Bryan, Williams County (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City'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 *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Bryan complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2005. In a separate letter to the City's management dated November 28, 2006, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The City's management 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 City's internal control over compliance with requirements that could directly and materially affect a major federal program 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, city council, board of public affairs, federal awarding agencies and pass through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 28, 2006

**CITY OF BRYAN
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(I)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(I)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(I)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(I)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(I)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(I)(vii)</i>	Major Programs (list):	Community Development Block Grant, State Grant CFDA # 14.228 Home Investment Partnership Grant CFDA # 14.239
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2005-001

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasurer, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

FINDING NUMBER 2005-001
(Continued)

1. “Then and Now” certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of any amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty percent of the expenditures tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the City followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursement and to help reduce the possibility of the City’s funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the City. When prior certification is not possible, “then and now” certification should be used.

We recommend the City certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the City incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials Response: The City management is striving to make continuous improvements involving certification of expenditures.

**CITY OF BRYAN
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Revised Code Section 5705.41 (D) (1)- failure to certify expenditures	No	Not corrected, re-issued as finding 2005-001



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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 21, 2006**