



**Mary Taylor, CPA**  
Auditor of State



**CITY OF BRYAN  
WILLIAMS COUNTY**

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# Mary Taylor, CPA

Auditor of State

## 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 City of Bryan, Williams County, Ohio (the City), as of and for the year ended December 31, 2006, 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 City of Bryan, Williams County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and the Income Tax 1% 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 July 30, 2007, 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.

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City of Bryan  
Williams County  
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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.

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

**Mary Taylor, CPA**  
Auditor of State

July 30, 2007

## **CITY OF BRYAN, OHIO**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2006***

***Unaudited***

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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, 2006. 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 2006 are as follows:

- In total, net assets increased \$4,460,077. Net assets of governmental activities increased \$3,637,947, which represents a 16% increase from 2005. Net assets of business-type activities increased \$822,130 or 2% from 2005.
- General revenues accounted for \$10,253,602 in revenue or 27% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$27,540,224, or 73% of total revenues of \$37,793,826.
- The City had \$7,619,236 in expenses related to governmental activities; only \$1,722,073 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$9,781,650 were adequate to provide for these programs.
- Among major funds, the general fund had \$5,130,258 in revenues and other financing sources and \$4,941,379 in expenditures and other financing uses. The general fund's fund balance increased from \$1,110,891 to \$1,299,770.

### **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**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2006***

***Unaudited***

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### **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 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, 2006**

**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 2006 compared to 2005.

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$17,218,152	\$14,111,868	\$15,731,377	\$14,812,794	\$32,949,529	\$28,924,662
Capital assets, Net	14,321,027	14,223,558	39,184,858	39,635,408	53,505,885	53,858,966
Total assets	31,539,179	28,335,426	54,916,235	54,448,202	86,455,414	82,783,628
Long-term debt outstanding	3,983,808	4,392,537	7,004,353	7,791,091	10,988,161	12,183,628
Other liabilities	1,139,719	1,165,184	1,776,877	1,344,236	2,916,596	2,509,420
Total liabilities	5,123,527	5,557,721	8,781,230	9,135,327	13,904,757	14,693,048
Net assets						
Invested in capital assets, net of related debt	11,288,027	10,879,558	33,077,156	32,712,419	44,365,183	43,591,977
Restricted	13,191,668	10,399,216	0	0	13,191,668	10,399,216
Unrestricted	1,935,957	1,498,931	13,057,849	12,600,456	14,993,806	14,099,387
Total net assets	<u>\$26,415,652</u>	<u>\$22,777,705</u>	<u>\$46,135,005</u>	<u>\$45,312,875</u>	<u>\$72,550,657</u>	<u>\$68,090,580</u>

## CITY OF BRYAN, OHIO

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006

*Unaudited*

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2006 compared to 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for Services and Sales	\$992,840	\$915,478	\$25,818,151	\$21,786,249	\$26,810,991	\$22,701,727
Operating Grants and Contributions	498,877	1,000,599	0	0	498,877	1,000,599
Capital Grants and Contributions	230,356	142,691	0	0	230,356	142,691
<b>Total Program revenues:</b>	<u>1,722,073</u>	<u>2,058,768</u>	<u>25,818,151</u>	<u>21,786,249</u>	<u>27,540,224</u>	<u>23,845,017</u>
<b>General revenues:</b>						
Property Taxes	851,810	570,418	0	0	851,810	570,418
Income Taxes	6,008,123	5,029,624	0	0	6,008,123	5,029,624
Other Local Taxes	1,104,732	1,039,672	0	0	1,104,732	1,039,672
Intergovernmental Revenues, Unrestricted	612,102	608,126	0	0	612,102	608,126
Investment Earnings	477,360	246,055	471,952	249,332	949,312	495,387
Unrestricted Contributions	96,642	0	0	0	96,642	0
Miscellaneous	630,881	782,977	0	0	630,881	782,977
<b>Total General revenues:</b>	<u>9,781,650</u>	<u>8,276,872</u>	<u>471,952</u>	<u>249,332</u>	<u>10,253,602</u>	<u>8,526,204</u>
<b>Total Revenues</b>	<u>11,503,723</u>	<u>10,335,640</u>	<u>26,290,103</u>	<u>22,035,581</u>	<u>37,793,826</u>	<u>32,371,221</u>
<b>Program Expenses</b>						
Security of Persons and Property	2,355,768	2,012,902	0	0	2,355,768	2,012,902
Leisure Time Activities	1,063,469	968,030	0	0	1,063,469	968,030
Community Environment	85,058	886,145	0	0	85,058	886,145
Public Health and Welfare Services	92,827	95,859	0	0	92,827	95,859
Transportation	924,190	804,230	0	0	924,190	804,230
General Government	2,969,140	3,025,819	0	0	2,969,140	3,025,819
Interest and Fiscal Charges	128,784	111,984	0	0	128,784	111,984
Water	0	0	1,355,273	1,481,924	1,355,273	1,481,924
Sewer	0	0	1,105,805	1,028,940	1,105,805	1,028,940
Refuse Collection	0	0	820,505	764,904	820,505	764,904
Electric Operating	0	0	20,289,541	14,321,251	20,289,541	14,321,251
Communication Operations	0	0	2,143,389	2,134,040	2,143,389	2,134,040
<b>Total expenses</b>	<u>7,619,236</u>	<u>7,904,969</u>	<u>25,714,513</u>	<u>19,731,059</u>	<u>33,333,749</u>	<u>27,636,028</u>
<b>Change in Net Assets before transfers</b>	<u>3,884,487</u>	<u>2,430,671</u>	<u>575,590</u>	<u>2,304,522</u>	<u>4,460,077</u>	<u>4,735,193</u>
<b>Transfers</b>	<u>(246,540)</u>	<u>(950,437)</u>	<u>246,540</u>	<u>950,437</u>	<u>0</u>	<u>0</u>
<b>Total Change in Net Assets</b>	<u>3,637,947</u>	<u>1,480,234</u>	<u>822,130</u>	<u>3,254,959</u>	<u>4,460,077</u>	<u>4,735,193</u>
<b>Beginning Net Assets</b>	<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>
<b>Ending Net Assets</b>	<u>\$26,415,652</u>	<u>\$22,777,705</u>	<u>\$46,135,005</u>	<u>\$45,312,875</u>	<u>\$72,550,657</u>	<u>\$68,090,580</u>

### **Governmental Activities**

Net assets of the City's governmental activities increased \$3,637,947. This represents a 16% change from 2005. Operating grants and contributions decreased substantially due to increases in community development block grants in 2005 that were not repeated in 2006. Income taxes increased nearly 19% due to a .3% permanent income tax for Fire Department operations.

## CITY OF BRYAN, OHIO

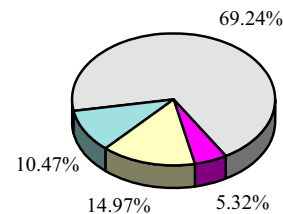
**Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2006**

**Unaudited**

The City receives an income tax, which is based on 1.8% 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 52% and 7% respectively of revenues for governmental activities for the City in fiscal year 2006. The City's reliance upon tax revenues is demonstrated by the following graph indicating 69% of total revenues from general tax revenues:

Revenue Sources	2006	Percent of Total
General Tax Revenues	\$7,964,665	69.24%
Intergovernmental, Unrestricted	612,102	5.32%
Program Revenues	1,722,073	14.97%
General Other	1,204,883	10.47%
Total Revenue	<u>\$11,503,723</u>	<u>100.00%</u>



### **Business-Type Activities**

Net assets of the business-type activities increased \$822,130. Charges for services and sales increased significantly due to increases in rates charged to electric customers.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$13,212,943, which is an increase from last year's balance of \$10,046,079. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2006 and 2005:

	Fund Balance December 31, 2006	Fund Balance December 31, 2005	Increase (Decrease)
General	\$1,299,770	\$1,110,891	\$188,879
Income Tax 1%	2,099,371	1,233,931	865,440
Municipal Building Construction	16,398	257	16,141
Capital Improvement	1,056,144	1,056,306	(162)
Other Governmental	8,741,260	6,644,694	2,096,566
Total	<u>\$13,212,943</u>	<u>\$10,046,079</u>	<u>\$3,166,864</u>

## CITY OF BRYAN, OHIO

**Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2006**

**Unaudited**

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

	2006 Revenues	2005 Revenues	Increase (Decrease)
Taxes	\$1,411,672	\$1,344,345	\$67,327
Intergovernmental Revenues	818,877	740,475	78,402
Charges for Services	141,987	116,874	25,113
Licenses and Permits	39,957	17,116	22,841
Investment Earnings	356,990	181,455	175,535
Gifts and Donations	96,642	0	96,642
Fines and Forfeitures	547,812	576,702	(28,890)
All Other Revenue	297,393	435,554	(138,161)
<b>Total</b>	<b>\$3,711,330</b>	<b>\$3,412,521</b>	<b>\$298,809</b>

General Fund revenues in 2006 increased approximately 9% compared to revenues in fiscal year 2005. An increase in estate taxes received caused the increase in intergovernmental revenues while increases in investment earnings can be attributed to higher interest rates.

	2006 Expenditures	2005 Expenditures	Increase (Decrease)
Security of Persons and Property	\$1,671,484	\$1,919,064	(\$247,580)
Public Health and Welfare	91,464	94,223	(2,759)
Leisure Time Activities	858,190	839,488	18,702
General Government	2,254,209	2,359,169	(104,960)
<b>Total</b>	<b>\$4,875,347</b>	<b>\$5,211,944</b>	<b>(\$336,597)</b>

General Fund expenditures decreased \$336,597 or 6% from the prior year. Security of persons and property decreased nearly 13% in 2006, due to the establishment of the Fire Department Special Revenue Fund.

	2006 Other Financing Sources (Uses)	2005 Other Financing Sources (Uses)	Increase (Decrease)
Sale of Capital Assets	\$18,928	\$44,010	(\$25,082)
Transfers In	1,400,000	2,200,000	(800,000)
Transfers Out	(66,032)	(487,956)	421,924
<b>Total</b>	<b>\$1,352,896</b>	<b>\$1,756,054</b>	<b>(\$403,158)</b>

## **CITY OF BRYAN, OHIO**

***Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2006***

***Unaudited***

Income Tax 1% Fund – The City's Income Tax 1% Fund balance increased significantly due to less monies being transferred out to other funds.

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 2006, 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 actual revenues exceed final budget revenues by 16%.

The differences between final appropriated expenditures and original budgeted appropriations were insignificant. Final budgeted expenditures exceeded actual expenditures by 12%. This was mainly the result of controlling expenditures within the general government function.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### ***Capital Assets***

At the end of fiscal 2006 the City had \$53,505,885 net of accumulated depreciation invested in land, buildings and improvements, infrastructure, and machinery and equipment. Of this total, \$14,321,027 was related to governmental activities and \$39,184,858 to the business-type activities. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$2,139,512	\$2,187,941	(\$48,429)
Construction In Progress	0	36,414	(36,414)
Buildings	9,429,716	9,394,623	35,093
Improvements Other than Buildings	1,999,886	1,961,261	38,625
Infrastructure	2,512,568	2,063,159	449,409
Machinery and Equipment	5,601,557	5,464,509	137,048
Less: Accumulated Depreciation	(7,362,212)	(6,884,349)	(477,863)
Totals	\$14,321,027	\$14,223,558	\$97,469

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, 2006**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2006	2005	
Land	\$895,687	\$928,116	(\$32,429)
Construction in Progress	90,475	1,923,971	(1,833,496)
Buildings and Improvements	13,519,346	12,689,759	829,587
Infrastructure	26,907,851	25,698,782	1,209,069
Machinery and Equipment	42,354,260	41,111,670	1,242,590
Less: Accumulated Depreciation	(44,582,761)	(42,716,890)	(1,865,871)
Totals	\$39,184,858	\$39,635,408	(\$450,550)

The majority of additions can be attributed to the Cherry Street Substation upgrade. Additional information on the City's capital assets can be found in Note 7.

**Debt**

At December 31, 2006, the City had \$33,000 in special assessment bonds outstanding, \$11,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2006 and 2005:

	2006	2005
Governmental Activities:		
Long-Term Bond Anticipation Notes	\$3,000,000	\$3,300,000
Special Assessment Bonds	33,000	44,000
Compensated Absences	950,808	1,048,537
Total Governmental Activities	3,983,808	4,392,537
Business-Type Activities:		
Long-Term Notes Payable	5,140,000	5,840,000
Ohio Water Development Authority Loan	967,702	1,082,989
Compensated Absences	896,651	868,102
Total Business-Type Activities	7,004,353	7,791,091
Totals	\$10,988,161	\$12,183,628

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, 2006, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 9.

## ***CITY OF BRYAN, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2006***

***Unaudited***

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### **ECONOMIC FACTORS**

The City's general fund appropriations for 2006 are approximately 12% less than the 2005 general fund appropriations. The 2006 general fund estimated revenues are approximately 2% less than the 2005 general fund estimated revenue. These statistics are indicative of the Fire Department operational expenses and revenues moving to a separate fund in January 2006. (See below.)

The City's general fund expenditures for 2006 were 12.2% less than the final 2006 approved budget. Controlled departmental spending attributed to this notable achievement for 2006.

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. As a new, independent revenue source, this tax should continue to improve the condition of the general fund.

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, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 11,114,591	\$ 10,237,405	\$ 21,351,996
Receivables:			
Accounts	86,330	2,456,278	2,542,608
Intergovernmental	1,148,599	0	1,148,599
Interest	45,133	41,420	86,553
Taxes	2,447,862	0	2,447,862
Special Assessments	659,343	0	659,343
Loans	1,774,082	0	1,774,082
Internal Balance	(209,435)	209,435	0
Inventory of Supplies at Cost	104,370	1,229,972	1,334,342
Prepaid Items	47,277	280,542	327,819
Investment in Joint Venture	0	1,274,575	1,274,575
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	1,750	1,750
Capital Assets, Net	<u>14,321,027</u>	<u>39,184,858</u>	<u>53,505,885</u>
<b>Total Assets</b>	<u>31,539,179</u>	<u>54,916,235</u>	<u>86,455,414</u>
<b>Liabilities:</b>			
Accounts Payable	61,984	1,332,516	1,394,500
Accrued Wages and Benefits	333,143	300,768	633,911
Intergovernmental Payable	33,493	68,898	102,391
Claims Payable	225,488	0	225,488
Matured Bonds and Interest Payable	0	1,750	1,750
Deferred Revenue	476,077	0	476,077
Accrued Interest Payable	9,534	72,945	82,479
Noncurrent liabilities:			
Due within one year	3,251,890	1,002,900	4,254,790
Due in more than one year	731,918	6,001,453	6,733,371
<b>Total Liabilities</b>	<u>5,123,527</u>	<u>8,781,230</u>	<u>13,904,757</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	11,288,027	33,077,156	44,365,183
Restricted For:			
Capital Projects	3,179,743	0	3,179,743
Debt Service	46,114	0	46,114
Other Purposes	9,965,811	0	9,965,811
Unrestricted	<u>1,935,957</u>	<u>13,057,849</u>	<u>14,993,806</u>
<b>Total Net Assets</b>	<u>\$ 26,415,652</u>	<u>\$ 46,135,005</u>	<u>\$ 72,550,657</u>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2006**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 2,355,768	\$ 52,969	\$ 1,900	\$ 0
Leisure Time Activities	1,063,469	74,284	0	0
Community Environment	85,058	61,103	37,450	0
Public Health and Welfare	92,827	21,033	0	0
Transportation	924,190	0	406,560	230,356
General Government	2,969,140	783,451	52,967	0
Interest and Fiscal Charges	128,784	0	0	0
<b>Total Governmental Activities</b>	<b>7,619,236</b>	<b>992,840</b>	<b>498,877</b>	<b>230,356</b>
<b>Business-Type Activities:</b>				
Water	1,355,273	1,500,548	0	0
Sewer	1,105,805	853,239	0	0
Refuse Collection	820,505	761,433	0	0
Electric Operating	20,289,541	20,846,469	0	0
Communication Operations	2,143,389	1,856,462	0	0
<b>Total Business-Type Activities</b>	<b>25,714,513</b>	<b>25,818,151</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 33,333,749</b>	<b>\$ 26,810,991</b>	<b>\$ 498,877</b>	<b>\$ 230,356</b>

**General Revenues**

Property Taxes Levied for:  
 General Purposes  
 Income Tax  
 Other Local Taxes  
 Intergovernmental Revenues, Unrestricted  
 Investment Earnings  
 Unrestricted Contributions  
 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**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,300,899)	\$ 0	\$ (2,300,899)
(989,185)	0	(989,185)
13,495	0	13,495
(71,794)	0	(71,794)
(287,274)	0	(287,274)
(2,132,722)	0	(2,132,722)
(128,784)	0	(128,784)
<u>(5,897,163)</u>	<u>0</u>	<u>(5,897,163)</u>
0	145,275	145,275
0	(252,566)	(252,566)
0	(59,072)	(59,072)
0	556,928	556,928
0	(286,927)	(286,927)
<u>0</u>	<u>103,638</u>	<u>103,638</u>
<u>\$ (5,897,163)</u>	<u>\$ 103,638</u>	<u>\$ (5,793,525)</u>
851,810	0	851,810
6,008,123	0	6,008,123
1,104,732	0	1,104,732
612,102	0	612,102
477,360	471,952	949,312
96,642	0	96,642
630,881	0	630,881
(246,540)	246,540	0
<u>9,535,110</u>	<u>718,492</u>	<u>10,253,602</u>
3,637,947	822,130	4,460,077
<u>22,777,705</u>	<u>45,312,875</u>	<u>68,090,580</u>
<u>\$ 26,415,652</u>	<u>\$ 46,135,005</u>	<u>\$ 72,550,657</u>

**CITY OF BRYAN, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	<u>General</u>	<u>Income Tax 1 %</u>	<u>Municipal Building Construction</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,206,137	\$ 1,670,340	\$ 16,398
Receivables:			
Taxes	1,475,733	561,214	0
Accounts	67,786	0	0
Intergovernmental	441,573	0	0
Interest	33,115	0	0
Special Assessments	0	0	0
Loans	0	0	0
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	25,032	0	0
<b>Total Assets</b>	<u><u>\$ 3,249,376</u></u>	<u><u>\$ 2,231,554</u></u>	<u><u>\$ 16,398</u></u>
<b>Liabilities:</b>			
Accounts Payable	\$ 52,107	\$ 101	\$ 0
Accrued Wages and Benefits Payable	291,848	2,536	0
Intergovernmental Payable	32,424	450	0
Deferred Revenue	1,573,227	129,096	0
<b>Total Liabilities</b>	<u><u>1,949,606</u></u>	<u><u>132,183</u></u>	<u><u>0</u></u>
<b>Fund Balance:</b>			
Reserved for Encumbrances	147,078	5,491	0
Reserved for Prepaid Items	25,032	0	0
Reserved for Supplies Inventory	0	0	0
Reserved for Loans Receivable	0	0	0
Undesignated, Unreserved in:			
General Fund	1,127,660	0	0
Special Revenue Funds	0	2,093,880	0
Debt Service Fund	0	0	0
Capital Project Funds	0	0	16,398
<b>Total Fund Balance</b>	<u><u>1,299,770</u></u>	<u><u>2,099,371</u></u>	<u><u>16,398</u></u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 3,249,376</u></u>	<u><u>\$ 2,231,554</u></u>	<u><u>\$ 16,398</u></u>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 1,056,122	\$ 6,352,158	\$ 10,301,155
0	410,915	2,447,862
0	18,544	86,330
0	707,026	1,148,599
65	8,658	41,838
612,016	47,327	659,343
0	1,774,082	1,774,082
0	104,370	104,370
0	22,245	47,277
\$ 1,668,203	\$ 9,445,325	\$ 16,610,856
\$ 43	\$ 9,733	\$ 61,984
0	38,759	333,143
0	619	33,493
612,016	654,954	2,969,293
612,059	704,065	3,397,913
352,882	42,819	548,270
0	22,245	47,277
0	104,370	104,370
0	1,774,082	1,774,082
0	0	1,127,660
0	5,294,238	7,388,118
0	8,321	8,321
703,262	1,495,185	2,214,845
1,056,144	8,741,260	13,212,943
\$ 1,668,203	\$ 9,445,325	\$ 16,610,856

**CITY OF BRYAN, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2006***

---

<b>Total Governmental Fund Balances</b>	\$ 13,212,943
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	14,321,027
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,493,216
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.	381,808
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	(3,000,000)
Special Assessment Bonds Payable	(33,000)
Compensated Absences Payable	(950,808)
Accrued Interest Payable	(9,534)
	<u>(3,993,342)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u><u>\$ 26,415,652</u></u></b>

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, 2006**

	<u>General</u>	<u>Income Tax 1 %</u>	<u>Municipal Building Construction</u>
<b>Revenues:</b>			
Taxes	\$ 1,411,672	\$ 3,422,259	\$ 0
Intergovernmental Revenues	818,877	0	0
Charges for Services	141,987	0	0
Licenses and Permits	39,957	0	0
Investment Earnings	356,990	0	0
Special Assessments	0	0	0
Gifts and Donations	96,642	0	0
Fines and Forfeitures	547,812	670	0
All Other Revenue	297,393	209	6,060
<b>Total Revenue</b>	<u>3,711,330</u>	<u>3,423,138</u>	<u>6,060</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	1,671,484	0	0
Public Health and Welfare	91,464	0	0
Leisure Time Activities	858,190	0	0
Community Environment	0	0	0
Transportation	0	0	0
General Government	2,254,209	192,198	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	3,300,000
Interest & Fiscal Charges	0	0	125,419
<b>Total Expenditures</b>	<u>4,875,347</u>	<u>192,198</u>	<u>3,425,419</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,164,017)	3,230,940	(3,419,359)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	18,928	0	0
Sale of Notes	0	0	3,000,000
Transfers In	1,400,000	0	435,500
Transfers Out	(66,032)	(2,365,500)	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,352,896</u>	<u>(2,365,500)</u>	<u>3,435,500</u>
Net Change in Fund Balance	188,879	865,440	16,141
<b>Fund Balance at Beginning of Year</b>	1,110,891	1,233,931	257
Increase in Inventory Reserve	0	0	0
<b>Fund Balance End of Year</b>	<u>\$ 1,299,770</u>	<u>\$ 2,099,371</u>	<u>\$ 16,398</u>

See accompanying notes to the basic financial statements



**CITY OF BRYAN, OHIO**

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Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 2,651,762	\$ 7,485,693
230,356	614,865	1,664,098
0	52,969	194,956
0	0	39,957
306	85,887	443,183
111,582	13,505	125,087
0	0	96,642
0	209,445	757,927
720	326,499	630,881
<u>342,964</u>	<u>3,954,932</u>	<u>11,438,424</u>
0	572,905	2,244,389
0	0	91,464
0	0	858,190
0	85,058	85,058
0	838,599	838,599
0	199,469	2,645,876
843,126	0	843,126
0	11,000	3,311,000
0	3,410	128,829
<u>843,126</u>	<u>1,710,441</u>	<u>11,046,531</u>
(500,162)	2,244,491	391,893
0	0	18,928
0	0	3,000,000
500,000	1,254,449	3,589,949
0	(1,404,957)	(3,836,489)
<u>500,000</u>	<u>(150,508)</u>	<u>2,772,388</u>
(162)	2,093,983	3,164,281
1,056,306	6,644,694	10,046,079
0	2,583	2,583
<u>\$ 1,056,144</u>	<u>\$ 8,741,260</u>	<u>\$ 13,212,943</u>

**CITY OF BRYAN, OHIO**

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***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, 2006***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 3,164,281

***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	883,438	
Depreciation Expense	(653,754)	229,684

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.	(132,215)
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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.

31,122

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	(3,000,000)
---------------------------------	-------------

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 Principal Payment	3,300,000	3,311,000

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

45

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	58,752	
Change in Inventory	2,583	61,335

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.

(27,305)

***Change in Net Assets of Governmental Activities*** \$ 3,637,947

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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,328,695	\$ 1,345,370	\$ 1,373,796	\$ 28,426
Intergovernmental Revenue	771,518	781,200	825,911	44,711
Charges for Services	104,612	105,925	141,237	35,312
Licenses and Permits	14,755	14,940	41,789	26,849
Investment Earnings	84,934	86,000	343,892	257,892
Gifts and Donations	21,431	21,700	96,642	74,942
Fines and Forfeitures	587,872	595,250	551,603	(43,647)
All Other Revenues	241,868	244,903	321,560	76,657
Total Revenues	<u>3,155,685</u>	<u>3,195,288</u>	<u>3,696,430</u>	<u>501,142</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,887,779	1,977,958	1,734,863	243,095
Public Health and Welfare	111,290	116,606	102,275	14,331
Leisure Time Activities	951,154	996,591	874,108	122,483
General Government	2,647,338	2,773,802	2,432,896	340,906
Total Expenditures	<u>5,597,561</u>	<u>5,864,957</u>	<u>5,144,142</u>	<u>720,815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,441,876)	(2,669,669)	(1,447,712)	1,221,957
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	49,813	49,813
Transfers In	2,600,000	2,600,000	1,400,000	(1,200,000)
Transfers Out	(66,032)	(66,032)	(66,032)	0
Total Other Financing Sources (Uses):	<u>2,533,968</u>	<u>2,533,968</u>	<u>1,383,781</u>	<u>(1,150,187)</u>
Net Change in Fund Balance	92,092	(135,701)	(63,931)	71,770
Fund Balance at Beginning of Year	901,425	901,425	901,425	0
Prior Year Encumbrances	185,701	185,701	185,701	0
Fund Balance at End of Year	<u>\$ 1,179,218</u>	<u>\$ 951,425</u>	<u>\$ 1,023,195</u>	<u>\$ 71,770</u>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund - Income Tax 1% Fund  
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,060,000	\$ 3,060,000	\$ 3,422,231	\$ 362,231
Fines and Forfeitures	200	200	670	470
All Other Revenues	0	0	209	209
Total Revenues	3,060,200	3,060,200	3,423,110	362,910
<b>Expenditures:</b>				
Current:				
General Government	1,338,010	1,342,940	200,676	1,142,264
Total Expenditures	1,338,010	1,342,940	200,676	1,142,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,722,190	1,717,260	3,222,434	1,505,174
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(2,365,500)	(2,365,500)	(2,365,500)	0
Total Other Financing Sources (Uses):	(2,365,500)	(2,365,500)	(2,365,500)	0
Net Change in Fund Balance	(643,310)	(648,240)	856,934	1,505,174
Fund Balance at Beginning of Year	801,159	801,159	801,159	0
Prior Year Encumbrances	6,305	6,305	6,305	0
Fund Balance at End of Year	\$ 164,154	\$ 159,224	\$ 1,664,398	\$ 1,505,174

See accompanying notes to the basic financial statements

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**CITY OF BRYAN, OHIO**

**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2006**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 453,487	\$ 946,740	\$ 136,551
Receivables:			
Accounts	172,224	81,821	86,976
Interest	2,400	3,356	553
Inventory of Supplies at Cost	135,475	7,027	0
Prepaid Items	15,353	23,166	8,716
Total current assets	<u>778,939</u>	<u>1,062,110</u>	<u>232,796</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	<u>4,530,451</u>	<u>11,205,425</u>	<u>247,697</u>
Total noncurrent assets	<u>4,530,451</u>	<u>11,207,175</u>	<u>247,697</u>
Total assets	<u>5,309,390</u>	<u>12,269,285</u>	<u>480,493</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	9,052	23,338	9,714
Accrued Wages and Benefits	47,389	23,718	26,983
Intergovernmental Payable	0	0	0
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	117,609	0
Long Term Note Payable - Current	0	0	0
Total Current Liabilities	<u>56,441</u>	<u>166,415</u>	<u>36,697</u>
Noncurrent Liabilities:			
OWDA Loans Payable	0	850,093	0
Long-Term Note Payable	0	0	0
Interfund Loan Payable	0	0	0
Compensated Absences Payable	129,516	83,321	72,710
Total noncurrent liabilities	<u>129,516</u>	<u>933,414</u>	<u>72,710</u>
<b>Total Liabilities</b>	<u>185,957</u>	<u>1,099,829</u>	<u>109,407</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	4,530,451	10,237,723	247,697
Unrestricted	<u>592,982</u>	<u>931,733</u>	<u>123,389</u>
Total Net Assets	<u>\$ 5,123,433</u>	<u>\$ 11,169,456</u>	<u>\$ 371,086</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
\$ 8,442,589	\$ 258,038	\$ 10,237,405	\$ 813,436
1,897,507	217,750	2,456,278	0
34,062	1,049	41,420	3,295
1,087,470	0	1,229,972	0
226,146	7,161	280,542	0
<u>11,687,774</u>	<u>483,998</u>	<u>14,245,617</u>	<u>816,731</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>
1,274,575	0	1,274,575	0
1,768,000	0	1,768,000	0
<u>16,081,738</u>	<u>7,119,547</u>	<u>39,184,858</u>	<u>0</u>
<u>19,124,313</u>	<u>7,119,547</u>	<u>42,229,183</u>	<u>0</u>
<u>30,812,087</u>	<u>7,603,545</u>	<u>56,474,800</u>	<u>816,731</u>
1,211,624	78,788	1,332,516	0
176,272	26,406	300,768	0
68,898	0	68,898	0
0	0	0	225,488
0	0	1,750	0
72,945	0	72,945	0
0	0	117,609	0
700,000	0	700,000	0
<u>2,229,739</u>	<u>105,194</u>	<u>2,594,486</u>	<u>225,488</u>
0	0	850,093	0
4,440,000	0	4,440,000	0
0	1,768,000	1,768,000	0
533,257	77,847	896,651	0
<u>4,973,257</u>	<u>1,845,847</u>	<u>7,954,744</u>	<u>0</u>
<u>7,202,996</u>	<u>1,951,041</u>	<u>10,549,230</u>	<u>225,488</u>
10,941,738	7,119,547	33,077,156	0
12,667,353	(1,467,043)	12,848,414	591,243
<u>\$ 23,609,091</u>	<u>\$ 5,652,504</u>	<u>\$ 45,925,570</u>	<u>\$ 591,243</u>
		209,435	
		<u>\$ 46,135,005</u>	

**CITY OF BRYAN, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2006**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,465,090	\$ 774,103	\$ 685,154
Other Operating Revenues	10,556	76,567	71,097
<b>Total Operating Revenues</b>	<u>1,475,646</u>	<u>850,670</u>	<u>756,251</u>
<b>Operating Expenses:</b>			
Personal Services	901,943	385,705	489,027
Contractual Services	141,314	109,883	251,406
Materials and Supplies	102,885	68,491	61,523
Health Insurance Claims	0	0	0
Depreciation	202,416	447,606	18,549
Other Operating Expenses	521	0	0
<b>Total Operating Expenses</b>	<u>1,349,079</u>	<u>1,011,685</u>	<u>820,505</u>
<b>Operating Income (Loss)</b>	126,567	(161,015)	(64,254)
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	25,682	32,802	7,893
Interest and Fiscal Charges	0	(8,442)	0
Income from Joint Venture	0	0	0
Loss on Disposal of Capital Assets	(6,194)	(1,179)	0
Gain on Disposal of Capital Assets	0	0	0
Other Nonoperating Revenue	24,902	2,569	5,182
<b>Total Non-Operating Revenues (Expenses)</b>	<u>44,390</u>	<u>25,750</u>	<u>13,075</u>
<b>Income (Loss) Before Transfers</b>	170,957	(135,265)	(51,179)
<b>Transfers:</b>			
Transfers-In	0	184,957	0
Transfers-Out	0	0	0
<b>Total Transfers</b>	<u>0</u>	<u>184,957</u>	<u>0</u>
<b>Change in Net Assets</b>	170,957	49,692	(51,179)
<b>Net Assets Beginning of Year</b>	<u>4,952,476</u>	<u>11,119,764</u>	<u>422,265</u>
<b>Net Assets End of Year</b>	<u>\$ 5,123,433</u>	<u>\$ 11,169,456</u>	<u>\$ 371,086</u>

Change in Net Assets - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service 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
\$ 20,001,507	\$ 1,808,582	\$ 24,734,436	\$ 1,731,040
316,327	14,246	488,793	0
20,317,834	1,822,828	25,223,229	1,731,040
2,460,566	301,434	4,538,675	0
16,110,712	1,208,592	17,821,907	0
499,227	28,018	760,144	0
0	0	0	1,877,021
892,426	542,537	2,103,534	0
106,464	0	106,985	0
20,069,395	2,080,581	25,331,245	1,877,021
248,439	(257,753)	(108,016)	(145,981)
392,159	13,416	471,952	34,177
(220,146)	(58,968)	(287,556)	0
86,615	0	86,615	0
0	(3,840)	(11,213)	0
31,305	0	31,305	0
410,715	33,634	477,002	0
700,648	(15,758)	768,105	34,177
949,087	(273,511)	660,089	(111,804)
66,032	0	250,989	0
(4,449)	0	(4,449)	0
61,583	0	246,540	0
1,010,670	(273,511)	906,629	(111,804)
22,598,421	5,926,015	45,018,941	703,047
\$ 23,609,091	\$ 5,652,504	\$ 45,925,570	\$ 591,243
		\$ 906,629	
		(84,499)	
		\$ 822,130	

**CITY OF BRYAN, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2006**

	Business Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,475,134	\$860,128	\$754,087
Cash Payments for Goods and Services	(278,117)	(166,352)	(313,965)
Cash Payments to Employees	(899,977)	(421,571)	(489,924)
Net Cash Provided (Used) by Operating Activities	<u>297,040</u>	<u>272,205</u>	<u>(49,802)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	196,374	0
Transfers Out to Other Funds	0	(11,417)	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>			
Sale of Capital Assets	0	0	0
Capital Contributions from Joint Venture	0	0	0
OWDA Loan Retirement	0	(116,834)	0
Principal Retirement on General Obligation Notes	0	0	0
Interest and Fiscal Charges	0	(8,442)	0
Acquisition and Construction of Assets	(251,712)	(119,067)	0
Net Cash Used for Capital and Related Financing Activities	<u>(251,712)</u>	<u>(244,343)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	25,000	31,417	7,929
Net Cash Provided by Noncapital Financing Activities	<u>25,000</u>	<u>31,417</u>	<u>7,929</u>
Net Increase (Decrease) in Cash and Cash Equivalents	70,328	244,236	(41,873)
Cash and Cash Equivalents at Beginning of Year	383,159	704,254	178,424
Cash and Cash Equivalents at End of Year	<u>\$453,487</u>	<u>\$948,490</u>	<u>\$136,551</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$453,487	\$946,740	\$136,551
Cash with Fiscal Agent	0	1,750	0
Cash and Cash Equivalents at End of Year	<u>\$453,487</u>	<u>\$948,490</u>	<u>\$136,551</u>

**CITY OF BRYAN, OHIO**

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Electric Operating	Communications Operations	Totals	Governmental- Activities Internal Service Fund
\$20,631,093	\$1,827,572	\$25,548,014	\$1,731,040
(16,041,017)	(1,313,074)	(18,112,525)	(1,809,270)
(2,421,549)	(280,000)	(4,513,021)	0
<u>2,168,527</u>	<u>234,498</u>	<u>2,922,468</u>	<u>(78,230)</u>
66,032	0	262,406	20,000
(4,449)	0	(15,866)	(20,000)
104,000	0	104,000	0
0	(104,000)	(104,000)	0
<u>165,583</u>	<u>(104,000)</u>	<u>246,540</u>	<u>0</u>
96,188	0	96,188	0
144,774	0	144,774	0
0	0	(116,834)	0
(700,000)	0	(700,000)	0
(214,355)	(58,968)	(281,765)	0
(1,286,470)	(12,252)	(1,669,501)	0
<u>(1,959,863)</u>	<u>(71,220)</u>	<u>(2,527,138)</u>	<u>0</u>
383,332	12,983	460,661	33,713
<u>383,332</u>	<u>12,983</u>	<u>460,661</u>	<u>33,713</u>
757,579	72,261	1,102,531	(44,517)
7,685,010	185,777	9,136,624	857,953
<u>\$8,442,589</u>	<u>\$258,038</u>	<u>\$10,239,155</u>	<u>\$813,436</u>
\$8,442,589	\$258,038	10,237,405	\$813,436
0	0	1,750	0
<u>\$8,442,589</u>	<u>\$258,038</u>	<u>\$10,239,155</u>	<u>\$813,436</u>

(Continued)

**CITY OF BRYAN, OHIO**

***Statement of Cash Flows***

***Proprietary Funds***

***For the Year Ended December 31, 2006***

	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)	\$126,567	(\$161,015)	(\$64,254)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	202,416	447,606	18,549
Non-Operating Revenue	24,902	2,569	5,182
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(25,414)	6,889	(7,346)
(Increase) Decrease in Inventory	(19,463)	12,768	0
Decrease in Prepaids	960	4,088	790
Increase (Decrease) in Accounts Payable	(14,894)	(4,834)	(1,826)
Increase (Decrease) in Accrued Wages and Benefits	(3,902)	(2,180)	(2,197)
Increase in Claims Payable	0	0	0
Increase in Intergovernmental Payable	0	0	0
Increase (Decrease) in Compensated Absences	5,868	(33,686)	1,300
Total Adjustments	<u>170,473</u>	<u>433,220</u>	<u>14,452</u>
Net Cash Provided (Used) by Operating Activities	<u>\$297,040</u>	<u>\$272,205</u>	<u>(\$49,802)</u>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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Electric Operating	Communications Operations	Totals	Governmental- Activities Internal Service Fund
\$248,439	(\$257,753)	(\$108,016)	(\$145,981)
892,426	542,537	2,103,534	0
399,062	33,588	465,303	0
58,971	(28,844)	4,256	0
59,205	0	52,510	0
1,040	636	7,514	0
401,469	(77,100)	302,815	(54,986)
2,885	2,499	(2,895)	0
0	0	0	122,737
68,898	0	68,898	0
36,132	18,935	28,549	0
<u>1,920,088</u>	<u>492,251</u>	<u>3,030,484</u>	<u>67,751</u>
<u>\$2,168,527</u>	<u>\$234,498</u>	<u>\$2,922,468</u>	<u>(\$78,230)</u>

**CITY OF BRYAN, OHIO**

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***Statement of Assets and Liabilities***  
***Fiduciary Fund***  
***December 31, 2006***

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	<u>Agency Fund</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 10,826
<b>Total Assets</b>	<u>\$ 10,826</u>
<b>Liabilities:</b>	
Due to Others	\$ 10,826
<b>Total Liabilities</b>	<u>\$ 10,826</u>

See accompanying notes to the basic financial statements

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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, 2006 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**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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 11 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***

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006*

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#### **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 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***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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, 2006 but which are not intended to finance 2006 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 3.

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*

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006*

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#### **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. 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 2006.

##### **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 all funds and may be modified during the year by Ordinance of City Council.

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006*

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#### **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**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**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% Fund
GAAP Basis (as reported)	\$188,879	\$865,440
Increase (Decrease):		
Accrued Revenues at December 31, 2006 received during 2007	(444,980)	(432,118)
Accrued Revenues at December 31, 2005 received during 2006	460,965	432,090
Accrued Expenditures at December 31, 2006 paid during 2007	376,379	3,087
Accrued Expenditures at December 31, 2005 paid during 2006	(472,423)	(5,623)
2005 Prepays for 2006	35,223	0
2006 Prepays for 2007	(25,032)	0
Outstanding Encumbrances	(182,942)	(5,942)
Budget Basis	(\$63,931)	\$856,934

**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 2, "Cash, Cash Equivalents and Investments."

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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 2, "Cash, Cash Equivalents and Investments." Investment earnings of \$283,334 earned by other funds were credited to the general fund as required by local statute.

The City has invested funds in the STAR Ohio during 2006. 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, 2006.

##### **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, 2006, 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**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets and Depreciation (Continued)**

**1. Property, Plant and Equipment - Governmental Activities (Continued)**

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.

**2. Property, Plant and Equipment – Business Type Activities**

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**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006***

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**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	Sewer 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 water, sewer, refuse, electric and communication operations enterprise funds when earned, and the related liability is reported within the fund.

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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.

## ***CITY OF BRYAN, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **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 2006.

#### **NOTE 2 - 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***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 2 - 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, 2006**

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

At year end the carrying amount of the City's deposits was \$8,794,008 and the bank balance was \$9,137,783. Federal depository insurance covered \$300,000 of the bank balance and \$8,837,783 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	<u>\$8,837,783</u>
Total Balance	<u><u>\$8,837,783</u></u>

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, 2006 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	\$12,567,294	AAAm <sup>1</sup>	\$12,567,294	\$0	\$0

<sup>1</sup> Standard & Poor's

*Interest Rate Risk* – The City's investment policy limits security purchases to those that mature within two years from the date of purchase.

*Concentration of Credit Risk* – With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio may be invested in a single security type or with a single financial institution.

**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	\$21,364,572	\$0
Less: Petty Cash	(3,270)	
Investments:		
STAR Ohio	<u>(12,567,294)</u>	<u>12,567,294</u>
Per GASB Statement No. 3	<u><u>\$8,794,008</u></u>	<u><u>\$12,567,294</u></u>

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 3 - 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 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, 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 2006. 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, 2006 was \$2.80 per \$1,000 of assessed value. The assessed value upon which the 2006 levy was based was \$203,726,100. This amount constitutes \$161,721,340 in real property assessed value, \$1,640,550 in public utility assessed value and \$40,364,210 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 1.8% 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**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 3 - 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 4 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2006:

Fund	Transfer In	Transfer Out
General Fund	\$1,400,000	\$66,032
Income Tax 1% Fund	0	2,365,500
Municipal Building Construction Fund	435,500	0
Capital Improvement Fund	500,000	0
Other Governmental Funds	1,254,449	1,404,957
Total Governmental Funds	3,589,949	3,836,489
Sewer Fund	184,957	0
Electric Operating Fund	66,032	4,449
Total Proprietary Funds	250,989	4,449
Totals	<u>\$3,840,938</u>	<u>\$3,840,938</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 5 – INTERFUND RECEIVABLES AND PAYABLES**

Fund	Interfund Loans Receivable	Interfund Loans Payable
Enterprise Funds:		
Electric Fund	\$1,768,000	\$0
Communication Operations Fund	0	1,768,000
Total	<u>\$1,768,000</u>	<u>\$1,768,000</u>

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2006 consisted of taxes, accounts receivables, special assessments receivable, loans receivable, interest receivable and intergovernmental receivables arising from shared revenues.



**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006**

**NOTE 7 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2006:

**Historical Cost:**

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<b>Capital assets not being depreciated:</b>				
Land	\$2,187,941	\$0	(\$48,429)	\$2,139,512
Construction in Progress	36,414	0	(36,414)	0
<b>Capital assets being depreciated:</b>				
Buildings	9,394,623	35,093	0	9,429,716
Improvements Other than Buildings	1,961,261	38,625	0	1,999,886
Infrastructure	2,063,159	449,409	0	2,512,568
Machinery and Equipment	5,464,509	396,725	(259,677)	5,601,557
Total Cost	<u>\$21,107,907</u>	<u>\$919,852</u>	<u>(\$344,520)</u>	<u>\$21,683,239</u>

**Accumulated Depreciation:**

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings	(\$2,265,128)	(\$243,903)	\$0	(\$2,509,031)
Improvements Other than Buildings	(1,073,312)	(82,551)	0	(1,155,863)
Infrastructure	(38,015)	(48,393)	0	(86,408)
Machinery and Equipment	(3,507,894)	(278,907)	175,891	(3,610,910)
Total Accumulated Depreciation	<u>(\$6,884,349)</u>	<u>(\$653,754) *</u>	<u>\$175,891</u>	<u>(\$7,362,212)</u>
<b>Net Value:</b>	<u>\$14,223,558</u>			<u>\$14,321,027</u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$126,563
Public Health and Welfare	1,363
Leisure Time Activities	204,343
Transportation	116,268
General Government	<u>205,217</u>
Total Depreciation Expense	<u>\$653,754</u>

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2006:

**Historical Cost:**

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<b>Capital assets not being depreciated:</b>				
Land	\$928,116	\$16,000	(\$48,429)	\$895,687
Construction in Progress	1,923,971	90,475	(1,923,971)	90,475
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	12,689,759	882,289	(52,702)	13,519,346
Infrastructure	25,698,782	1,209,069	0	26,907,851
Machinery and Equipment	41,111,670	1,455,218	(212,628)	42,354,260
Total Cost	<u>\$82,352,298</u>	<u>\$3,653,051</u>	<u>(\$2,237,730)</u>	<u>\$83,767,619</u>

**Accumulated Depreciation:**

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings and Improvements	(\$4,871,400)	(\$362,821)	\$50,067	(\$5,184,154)
Infrastructure	(5,581,945)	(714,771)	0	(6,296,716)
Machinery and Equipment	(32,263,545)	(1,025,942)	187,596	(33,101,891)
Total Accumulated Depreciation	<u>(\$42,716,890)</u>	<u>(\$2,103,534)</u>	<u>\$237,663</u>	<u>(\$44,582,761)</u>
<b>Net Value:</b>	<u>\$39,635,408</u>			<u>\$39,184,858</u>

**NOTE 8 – 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**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 8 – 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) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.0%. The 2006 employer contribution rate for local government employer units was 13.70%, of covered payroll, 9.20% to fund the pension and 4.5% 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, 2006, 2005, and 2004 were \$708,937, \$687,364 and \$681,079, 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 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll which amounted to \$232,886.

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 8 – 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, 2005. The individual entry age 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 annually, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5%. 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 .50% to 6% for the next 9 years. In subsequent years (10 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 358,804. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2005 is \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 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***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 8 – 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, 2006, 2005, and 2004 were \$178,145, \$162,327 and \$171,251 for police and \$48,419, \$50,092 and \$48,174 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 2006 covered payroll that was used to fund postemployment health care benefits was \$70,724 representing 7.75% of covered payroll for police and \$15,639 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, 2005, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,922 for police and 10,537 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, 2005 were \$108,039,449, which was net of member contributions of \$55,271,881.

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006**

**NOTE 9 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2006 were as follows:

Interest Rate	Purpose	Maturity Date	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006	Amount Due Within One Year
<b>Governmental Activities:</b>							
Capital Projects Fund Bond Anticipation Notes Payable							
2.63%	Municipal Building Construction		\$3,300,000	\$0	(\$3,300,000)	\$0	\$0
3.50%	Municipal Building Construction		0	3,000,000	0	3,000,000	3,000,000
	Total Capital Projects Fund Bond Anticipation Notes Payable		3,300,000	3,000,000	(3,300,000)	3,000,000	3,000,000
Special Assessment Bonds							
with Governmental Commitment:							
7.75%	Street Lighting and East End Sewer		44,000	0	(11,000)	33,000	11,000
Compensated Absences							
			1,048,537	950,808	(1,048,537)	950,808	240,890
	Total Governmental Activities		4,392,537	3,950,808	(4,359,537)	3,983,808	3,251,890
<b>Business-Type Activities:</b>							
Electric Fund Long Term Notes Payable:							
3.50%	Cable Facilities and Improvements	2023	5,840,000	0	(700,000)	5,140,000	700,000
Ohio Water Development Authority Loan							
0.80%	Waste Water Treatment Plant	2015	1,082,989	1,547	(116,834)	967,702	117,609
Compensated Absences							
			868,102	896,651	(868,102)	896,651	185,291
	Total Business-Type Activities		7,791,091	898,198	(1,684,936)	7,004,353	1,002,900
	Total Other Long-Term Obligations		\$12,183,628	\$4,849,006	(\$6,044,473)	\$10,988,161	\$4,254,790

The principal amount of the City's special assessment debt outstanding at December 31, 2006, \$33,000, 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 \$8,321 in the Special Assessment Bond Retirement Fund at December 31, 2006 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**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 9 - 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, 2006 in the amount of \$3,000,000 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, 2007. These notes are considered long-term debt of the City.

The City has authorized an Ohio Water Development Authority loan in the amount of \$1,200,123 for the construction of solid handling improvements at the wastewater treatment plant. The loan has an interest rate of 0.8% and matures in 2015. 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, 2006 were as follows:

Years	Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest
2007	\$11,000	\$2,558	\$117,609	\$7,507
2008	11,000	1,705	118,553	6,564
2009	11,000	852	119,503	5,614
2010	0	0	120,461	4,656
2011	0	0	121,426	3,690
2012-2015	0	0	370,150	5,199
Totals	\$33,000	\$5,115	\$967,702	\$33,230

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006***

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**NOTE 10 - 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 \$225,488 reported in the fund at December 31, 2006 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 2005 and 2006 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>
2005	\$174,779	\$1,606,215	(\$1,678,243)	\$102,751
2006	102,751	1,877,021	(1,754,284)	225,488



## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 11 - 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 \$1,037,985 at December 31, 2006. 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, 2006 Bryan has met their debt coverage obligation.

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 11 - 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 \$236,590 at December 31, 2006. 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](http://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 \$25,300 to the Task Force in 2006. 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**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006***

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#### **NOTE 11 - 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 2006, the City paid administrative fees of \$10,500 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 2006, the City paid \$1,625,336 to AMP – Ohio.

#### **NOTE 12 - 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 13 – 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 2006, the communication fund paid \$255,024 in lease payments to the electric fund for the use of its fiber – coax plant.

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# Mary Taylor, CPA

Auditor of State

## 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 30, 2007. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: finding 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated July 30, 2007.

#### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated July 30, 2007.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, city council and the board of public affairs. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 30, 2007

**CITY OF BRYAN  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

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

**FINDING NUMBER 2006-001**

**Significant Deficiency**

**Financial Reporting**

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment.

1. Depreciation expense in the amount of \$260,395 relating to the communications fund was incorrectly applied to the electric fund.
2. Special assessments receivable and the resulting deferred revenue were overstated in the capital improvements fund and in the remaining fund information by \$103,241 and \$13,741 respectively.

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the City's financial statements and notes to the statements are complete and accurate, the City should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions.

**Officials' Response**

Management will implement control procedures designed to review the independent public account compilation for errors and omissions prior to presenting the statements for audit.

**CITY OF BRYAN  
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006**

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





**Mary Taylor, CPA**  
Auditor of State

**CITY OF BYRAN**

**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  
AUGUST 28, 2007**