



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF BRYAN
WILLIAMS COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

City of Bryan
Williams County
321 West Bryan Street
Bryan, Ohio 43506-1243

To the City Council and Board of Public Affairs:

We have audited the accompanying general-purpose financial statements of the City of Bryan, Williams County, (the City) as of and for the year ended December 31, 1999. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

We were unable to obtain evidence of the valuation of fixed assets in the General Fixed Asset Account Group and the Proprietary Fund Type nor were we able to satisfy ourselves as to the value of fixed assets by other auditing procedures. Fixed assets represent all of the assets in the General Fixed Asset Account Group and sixty-nine percent of the assets in the Proprietary Fund.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding fixed assets, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bryan, Williams County, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

December 13, 2000

THE CITY OF BRYAN, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Expendable Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	General	Long-Term Obligations	General	
Assets and Other Debits:													
Assets:													
Cash and Cash Equivalents	\$171,954	\$6,093,371	\$34,633	\$5,806,106	\$3,843,049	\$694,254	\$16,376	\$0	\$0	\$0	\$0	\$0	\$16,659,743
Receivables (net of allowance for doubtful accounts):													
Taxes	678,700	529,434	0	0	0	0	0	0	0	0	0	0	1,208,134
Accounts	5,109	15,498	0	0	1,782,049	277	0	0	0	0	0	0	1,802,933
Special Assessments	0	0	292,214	1,180,518	4,342	0	0	0	0	0	0	0	1,477,074
Loans	0	207,904	0	0	0	0	0	0	0	0	0	0	207,904
Due from Other Funds	0	0	0	0	3,313	0	0	0	0	0	0	0	3,313
Intergovernmental Receivables	69,061	16,054	0	0	81,734	0	0	0	0	0	0	0	166,849
Interfund Loans Receivable	0	0	0	0	2,100,000	0	0	0	0	0	0	0	2,100,000
Inventory of Supplies at Cost	0	58,252	0	0	1,111,711	0	0	0	0	0	0	0	1,169,963
Prepaid Items	20,289	13,174	0	1,015	159,331	0	0	0	0	0	0	0	193,809
Restricted Assets:													
Cash and Cash Equivalents	0	0	0	0	222,413	0	0	0	0	0	0	0	222,413
Cash with Fiscal Agent	0	0	0	0	47,750	0	0	0	0	0	0	0	47,750
Investment in Joint Venture	0	0	0	0	861,736	0	0	0	0	0	0	0	861,736
Fixed Assets (net of accumulated depreciation)	0	0	0	0	22,940,338	0	0	10,589,303	0	0	0	0	33,529,641
Other Debits:													
Amount Available in Debt Service	0	0	0	0	0	0	0	0	0	0	34,633	0	34,633
Amount to be Provided for													
General Long-Term Obligations	0	0	0	0	0	0	0	0	0	0	1,243,110	0	1,243,110
Total Assets and Other Debits	\$945,113	\$6,933,687	\$326,847	\$6,987,639	\$33,157,766	\$694,531	\$16,376	\$10,589,303	\$1,277,743	\$0	\$1,277,743	\$0	\$60,929,005

(Continued)

	Governmental				Proprietary			Fiduciary		Account		
	Fund Types				Fund Types			Fund Types		Groups		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Expendable Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)		
Liabilities, Equity and Other Credits:												
Liabilities:												
Accounts Payable	\$22,914	\$6,775	\$0	\$196,817	\$1,525,324	\$0	\$0	\$0	\$0	\$0	\$0	\$1,751,830
Accrued Wages and Benefits	113,286	10,710	0	2,841	58,728	0	0	0	0	0	0	185,565
Due to Other Funds	3,041	0	0	0	272	0	0	0	0	0	0	3,313
Due to Others	0	0	0	0	0	0	10,126	0	0	0	0	10,126
Claims Payable	0	0	0	0	0	68,769	0	0	0	0	0	68,769
Intergovernmental Payables	5,368	0	0	50	9,384	0	0	0	0	0	0	14,802
Interfund Loans Payable	0	0	0	2,100,000	0	0	0	0	0	0	0	2,100,000
Matured Bonds and Interest Payable	0	0	0	0	47,750	0	0	0	0	0	0	47,750
Accrued Interest Payable	0	0	0	10,069	84,867	0	0	0	0	0	0	94,936
Deferred Revenue	481,687	0	292,214	1,180,518	0	0	0	0	0	0	0	1,954,419
Compensated Absences Payable	0	0	0	0	434,875	0	0	0	642,743	0	0	1,077,618
General Obligation Notes Payable	0	0	0	5,138,000	6,000,000	0	0	0	0	0	0	11,138,000
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	0	0	0	400,000
Revenue Bonds Payable	0	0	0	0	400,000	0	0	0	0	0	0	400,000
Special Assessment Bonds Payable	0	0	0	0	0	0	0	0	0	0	0	0
with Governmental Commitment												
Total Liabilities	626,296	17,485	292,214	8,628,295	8,561,200	68,769	10,126	0	235,000	0	1,277,743	19,482,128
Equity and Other Credits:												
Investment in General Fixed Assets	0	0	0	0	0	0	0	10,589,303	0	0	0	10,589,303
Contributed Capital	0	0	0	0	7,496,083	0	0	0	0	0	0	7,496,083
Retained Earnings:												
Unreserved	0	0	0	0	17,100,483	625,762	0	0	0	0	0	17,726,245
Fund Balances:												
Reserved for Encumbrances	236,308	13,260	0	5,156,592	0	0	0	0	0	0	0	5,406,160
Reserved for Supplies Inventory	0	58,252	0	0	0	0	0	0	0	0	0	58,252
Reserved for Prepaid Items	20,289	13,174	0	1,015	0	0	0	0	0	0	0	34,478
Reserved for Loans Receivable	0	207,904	0	0	0	0	0	0	0	0	0	207,904
Reserved for Debt Service	0	0	34,633	0	0	0	0	0	0	0	0	34,633
Unreserved:												
Undesignated	62,220	6,623,612	0	(6,798,263)	0	0	6,250	0	0	0	0	(106,181)
Total Equity and Other Credits	318,817	6,916,202	34,633	(1,640,656)	24,596,566	625,762	6,250	10,589,303	0	0	0	41,446,877
Total Liabilities, Equity and Other Credits	\$945,113	\$6,933,687	\$326,847	\$6,987,639	\$33,157,766	\$694,531	\$16,376	\$10,589,303	\$1,277,743	\$0	\$1,277,743	\$60,929,005

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF BRYAN, OHIO
COMBINED STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expensible Trust Fund	
Revenues:						
Taxes	\$535,607	\$4,780,364	\$0	\$0	\$0	\$5,315,971
Intergovernmental Revenues	706,542	433,697	0	0	0	1,140,239
Charges for Services	238,073	0	0	0	0	238,073
Licenses and Permits	20,550	0	0	0	0	20,550
Investment Earnings	381,147	56,934	0	13,182	0	451,263
Special Assessments	0	0	98,065	102,282	0	200,347
Fines and Forfeitures	687,114	130,698	0	0	0	817,812
All Other Revenues	339,773	202,394	0	230,069	244	772,480
Total Revenues	<u>2,908,806</u>	<u>5,604,087</u>	<u>98,065</u>	<u>345,533</u>	<u>244</u>	<u>8,956,735</u>
Expenditures:						
Current:						
Security of Persons and Property	1,852,370	67,234	0	0	0	1,919,604
Public Health and Welfare Services	91,852	0	0	0	0	91,852
Leisure Time Activities	999,773	0	0	0	0	999,773
Community Environment	0	306,045	0	0	0	306,045
Basic Utility Services	0	242,244	0	0	0	242,244
Transportation	0	860,324	0	0	0	860,324
General Government	2,537,234	188,899	0	0	0	2,726,133
Capital Outlay	0	24,183	0	3,291,869	0	3,316,052
Debt Service:						
Principal Retirements	0	0	176,000	0	0	176,000
Interest and Fiscal Charges	0	0	80,565	25,165	0	105,730
Total Expenditures	<u>5,481,229</u>	<u>1,688,929</u>	<u>256,565</u>	<u>3,317,034</u>	<u>0</u>	<u>10,743,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,572,423)	3,915,158	(158,500)	(2,971,501)	244	(1,787,022)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	741	0	0	0	0	741
Operating Transfers In	2,643,414	698,444	150,000	2,175,601	0	5,667,459
Operating Transfers Out	0	(4,831,430)	0	(1,314,623)	0	(6,146,053)
Total Other Financing Sources (Uses)	<u>2,644,155</u>	<u>(4,132,986)</u>	<u>150,000</u>	<u>860,978</u>	<u>0</u>	<u>(477,853)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	71,732	(217,828)	(8,500)	(2,110,523)	244	(2,264,875)
Fund Balance at Beginning of Year	247,085	7,123,331	43,133	469,867	6,006	7,889,422
Increase in Inventory Reserve	0	10,699	0	0	0	10,699
Fund Balance (Deficit) at End of Year	<u>\$318,817</u>	<u>\$6,916,202</u>	<u>\$34,633</u>	<u>(\$1,640,656)</u>	<u>\$6,250</u>	<u>\$5,635,246</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF BRYAN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$568,910	\$440,454	(\$128,456)	\$4,402,500	\$4,774,102	\$371,602
Intergovernmental Revenues	761,200	744,507	(16,693)	956,020	461,978	(494,042)
Charges for Services	249,895	239,557	(10,338)	0	0	0
Licenses and Permits	20,615	22,478	1,863	0	0	0
Investment Earnings	385,000	381,147	(3,853)	59,660	56,394	(3,266)
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	656,300	686,548	30,248	90,000	123,898	33,898
All Other Revenues	515,032	385,068	(129,964)	263,953	263,503	(450)
Total Revenues	<u>3,156,952</u>	<u>2,899,759</u>	<u>(257,193)</u>	<u>5,772,133</u>	<u>5,679,875</u>	<u>(92,258)</u>
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	2,072,684	1,920,596	152,088	141,472	71,996	69,476
Public Health and Welfare	108,935	92,410	16,525	0	0	0
Leisure Time Activities	1,076,338	1,012,480	63,858	0	0	0
Community Environment	0	0	0	734,250	307,045	427,205
Basic Utility Services	0	0	0	273,660	252,829	20,831
Transportation	0	0	0	1,015,978	890,162	125,816
General Government	3,136,193	2,758,662	377,531	358,678	197,505	161,173
Other Expenditures	40,000	0	40,000	0	0	0
Capital Outlay	0	0	0	507,795	24,183	483,612
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>6,434,150</u>	<u>5,784,148</u>	<u>650,002</u>	<u>3,031,833</u>	<u>1,743,720</u>	<u>1,288,113</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,277,198)	(2,884,389)	392,809	2,740,300	3,936,155	1,195,855
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	25,525	741	(24,784)	0	0	0
Proceeds from General Obligation Notes	0	0	0	0	0	0
Operating Transfers In	3,122,500	2,643,414	(479,086)	1,535,365	698,444	(836,921)
Operating Transfers Out	0	0	0	(5,710,009)	(4,831,430)	878,579
Total Other Financing Sources (Uses)	<u>3,148,025</u>	<u>2,644,155</u>	<u>(503,870)</u>	<u>(4,174,644)</u>	<u>(4,132,986)</u>	<u>41,658</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(129,173)	(240,234)	(111,061)	(1,434,344)	(196,831)	1,237,513
Fund Balance (Deficit) at Beginning of Year	(424,488)	(424,488)	0	6,223,320	6,223,320	0
Prior Year Encumbrances	584,207	584,207	0	46,514	46,514	0
Fund Balance (Deficit) at End of Year	<u>\$30,546</u>	<u>(\$80,515)</u>	<u>(\$111,061)</u>	<u>\$4,835,490</u>	<u>\$6,073,003</u>	<u>\$1,237,513</u>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

THE CITY OF BRYAN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	0	0	0	306	13,182	12,876
Special Assessments	244,000	98,065	(145,935)	2,000,000	103,590	(1,896,410)
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	0	0	0	3,000	230,069	227,069
Total Revenues	244,000	98,065	(145,935)	2,003,306	346,841	(1,656,465)
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	0	0	0	0	0	0
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	9,188,850	8,757,091	431,759
Debt Service:						
Principal Retirement	176,000	176,000	0	0	0	0
Interest and Fiscal Charges	80,565	80,565	0	15,096	15,096	0
Total Expenditures	256,565	256,565	0	9,203,946	8,772,187	431,759
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,565)	(158,500)	(145,935)	(7,200,640)	(8,425,346)	(1,224,706)
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	5,138,000	5,138,000	0
Operating Transfers In	160,000	150,000	(10,000)	3,018,022	2,175,601	(842,421)
Operating Transfers Out	0	0	0	(1,936,765)	(1,314,623)	622,142
Total Other Financing Sources (Uses)	160,000	150,000	(10,000)	6,219,257	5,998,978	(220,279)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	147,435	(8,500)	(155,935)	(981,383)	(2,426,368)	(1,444,985)
Fund Balance (Deficit) at Beginning of Year	43,133	43,133	0	897,601	897,601	0
Prior Year Encumbrances	0	0	0	1,983,533	1,983,533	0
Fund Balance (Deficit) at End of Year	\$190,568	\$34,633	(\$155,935)	\$1,899,751	\$454,766	(\$1,444,985)

(Continued)

THE CITY OF BRYAN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Expendable Trust Fund</u>			<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$0	\$0	\$0	\$4,971,410	\$5,214,556	\$243,146
Intergovernmental Revenues	0	0	0	1,717,220	1,206,485	(510,735)
Charges for Services	0	0	0	249,895	239,557	(10,338)
Licenses and Permits	0	0	0	20,615	22,478	1,863
Investment Earnings	0	0	0	444,966	450,723	5,757
Special Assessments	0	0	0	2,244,000	201,655	(2,042,345)
Fines and Forfeitures	0	0	0	746,300	810,446	64,146
All Other Revenues	2,100	244	(1,856)	784,085	878,884	94,799
Total Revenues	2,100	244	(1,856)	11,178,491	9,024,784	(2,153,707)
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	0	0	0	2,214,156	1,992,592	221,564
Public Health and Welfare	0	0	0	108,935	92,410	16,525
Leisure Time Activities	0	0	0	1,076,338	1,012,480	63,858
Community Environment	0	0	0	734,250	307,045	427,205
Basic Utility Services	0	0	0	273,660	252,829	20,831
Transportation	0	0	0	1,015,978	890,162	125,816
General Government	1,500	0	1,500	3,496,371	2,956,167	540,204
Other Expenditures	0	0	0	40,000	0	40,000
Capital Outlay	0	0	0	9,696,645	8,781,274	915,371
Debt Service:						
Principal Retirement	0	0	0	176,000	176,000	0
Interest and Fiscal Charges	0	0	0	95,661	95,661	0
Total Expenditures	1,500	0	1,500	18,927,994	16,556,620	2,371,374
Excess (Deficiency) of Revenues Over (Under) Expenditures	600	244	(356)	(7,749,503)	(7,531,836)	217,667
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	0	0	0	25,525	741	(24,784)
Proceeds from General Obligation Notes	0	0	0	5,138,000	5,138,000	0
Operating Transfers In	0	0	0	7,835,887	5,667,459	(2,168,428)
Operating Transfers Out	0	0	0	(7,646,774)	(6,146,053)	1,500,721
Total Other Financing Sources (Uses)	0	0	0	5,352,638	4,660,147	(692,491)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	600	244	(356)	(2,396,865)	(2,871,689)	(474,824)
Fund Balance (Deficit) at Beginning of Year	6,006	6,006	0	6,745,572	6,745,572	0
Prior Year Encumbrances	0	0	0	2,614,254	2,614,254	0
Fund Balance (Deficit) at End of Year	\$6,606	\$6,250	(\$356)	\$6,962,961	\$6,488,137	(\$474,824)

THE CITY OF BRYAN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Charges for Services	\$16,900,491	\$917,502	\$17,817,993
Other Operating Revenues	141,176	0	141,176
Total Operating Revenues	<u>17,041,667</u>	<u>917,502</u>	<u>17,959,169</u>
<u>Operating Expenses:</u>			
Personal Services	2,779,413	0	2,779,413
Health Insurance Claims	0	791,203	791,203
Materials and Supplies	2,880,658	0	2,880,658
Contractual Services	11,395,874	0	11,395,874
Depreciation	1,265,940	0	1,265,940
Other Operating Expenses	54,570	0	54,570
Total Operating Expenses	<u>18,376,455</u>	<u>791,203</u>	<u>19,167,658</u>
Operating Income (Loss)	(1,334,788)	126,299	(1,208,489)
<u>Nonoperating Revenues (Expenses):</u>			
Lawsuit Settlement	530,618	0	530,618
Investment Earnings	318,251	26,037	344,288
Interest and Fiscal Charges	(294,391)	0	(294,391)
Income from Joint Venture	184,689	0	184,689
Other Nonoperating Revenue	159,549	0	159,549
Gain on Sale of Fixed Assets	13,068	0	13,068
Total Nonoperating Revenues (Expenses)	<u>911,784</u>	<u>26,037</u>	<u>937,821</u>
Income (Loss) Before Operating Transfers	(423,004)	152,336	(270,668)
<u>Operating Transfers:</u>			
Operating Transfers In	492,127	0	492,127
Operating Transfers Out	(13,533)	0	(13,533)
Total Operating Transfers	<u>478,594</u>	<u>0</u>	<u>478,594</u>
Net Income	55,590	152,336	207,926
Retained Earnings at Beginning of Year	16,412,557	473,426	16,885,983
Add: Depreciation on Contributed Capital	632,336	0	632,336
Retained Earnings at End of Year	<u>\$17,100,483</u>	<u>\$625,762</u>	<u>\$17,726,245</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF BYRAN, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$17,058,912	\$917,225	\$17,976,137
Cash Payments for Goods and Services	(13,936,393)	(811,910)	(14,748,303)
Cash Payments to Employees	(2,769,224)	0	(2,769,224)
Net Cash Provided by Operating Activities	<u>353,295</u>	<u>105,315</u>	<u>458,610</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Proceeds from Negotiated Settlement	530,618	0	530,618
Transfers In from Other Funds	492,127	0	492,127
Transfers Out to Other Funds	(13,533)	0	(13,533)
Net Cash Provided by Noncapital Financing Activities	<u>1,009,212</u>	<u>0</u>	<u>1,009,212</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Sale of General Obligation Notes	6,000,000	0	6,000,000
Principal Retirement on Mortgage Revenue Bonds	(185,000)	0	(185,000)
Principal Retirement on General Obligation Notes	(6,000,000)	0	(6,000,000)
Interest and Fiscal Charges	(292,812)	0	(292,812)
Acquisition and Construction of Assets	(3,434,843)	0	(3,434,843)
Net Cash Used By Capital and Related Financing Activities	<u>(3,912,655)</u>	<u>0</u>	<u>(3,912,655)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	345,501	26,037	371,538
Net Cash Provided by Investing Activities	<u>345,501</u>	<u>26,037</u>	<u>371,538</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,204,647)	131,352	(2,073,295)
Cash and Cash Equivalents at Beginning of Year	6,317,859	562,902	6,880,761
Cash and Cash Equivalents at End of Year	<u>\$4,113,212</u>	<u>\$694,254</u>	<u>\$4,807,466</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$3,843,049	\$694,254	\$4,537,303
Restricted Cash and Cash Equivalents	222,413	0	222,413
Cash with Fiscal Agent	47,750	0	47,750
Cash and Cash Equivalents at End of Year	<u>\$4,113,212</u>	<u>\$694,254</u>	<u>\$4,807,466</u>

(Continued)

THE CITY OF BYRAN, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	(\$1,334,788)	\$126,299	(\$1,208,489)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,265,940	0	1,265,940
Other Non Operating Revenue	161,449	0	161,449
Income from Joint Venture	184,689	0	184,689
Changes to Assets and Liabilities:			
Increase in Accounts Receivable	(59,157)	(277)	(59,434)
Increase in Inventory	(13,253)	0	(13,253)
Decrease in Due from Other Funds	7,571	0	7,571
Increase in Intergovernmental Receivables	(81,734)	0	(81,734)
Increase in Prepaid Items	(96,060)	0	(96,060)
Decrease in Investment in Joint Venture	29,284	0	29,284
Increase in Accounts Payable	288,367	0	288,367
Decrease in Accrued Wages and Benefits Payable	(5,087)	0	(5,087)
Decrease in Claims Payable	0	(20,707)	(20,707)
Decrease in Due to Other Funds	(9,628)	0	(9,628)
Increase in Intergovernmental Payable	14	0	14
Increase in Compensated Absences Payable	15,688	0	15,688
Total Adjustments	<u>1,688,083</u>	<u>(20,984)</u>	<u>1,667,099</u>
Net Cash Provided by Operating Activities	<u>\$353,295</u>	<u>\$105,315</u>	<u>\$458,610</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 1999, the Water and Electric Funds had outstanding liabilities of \$3,080 and \$432,501, respectively, for the purchase of certain capital assets.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF BRYAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 1999 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 general purpose 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, account groups, 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, and electric distribution 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.

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 service to the Chase Brass and Copper Company.

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 Organization:

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.

The City's participation in these joint ventures and the jointly governed organization is further disclosed in Note 17 to the general purpose financial statements.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, 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 general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are the City's governmental fund types:

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.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - These funds are used for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest other than that accounted for in the proprietary funds.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

All proprietary funds are accounted for on an "economic measurement" focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. 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 maintains separate enterprise funds for its water, sewer, refuse, and electric utility 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.

Fiduciary Funds

Trust and Agency 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 maintains one expendable trust fund and one agency fund. The expendable trust fund is accounted for and reported similarly to a governmental fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. Basis of Presentation - Fund Accounting** (Continued)*Account Groups*

To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt of the City except those accounted for in the proprietary funds.

C. 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.

The modified accrual basis of accounting is followed by the governmental funds, the expendable trust funds and the agency fund. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and 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.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 1999 but which are not intended to finance 1999 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the proprietary 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, etc.) by department. Budgetary modifications may only be made by ordinance of the City Council.

1. Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. 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 1999.

3. 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, department and object level and may be modified during the year by Ordinance of City Council. Total fund appropriations

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**D. Budgetary Process (Continued)****3. Appropriations (Continued)**

may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets. Funds may be moved from one line-item account to another within the same object without approval of City Council. 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 allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

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 general purpose financial statements.

5. 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.

6. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. 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 governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Fund
GAAP Basis (as reported)	\$71,732	(\$217,828)	(\$8,500)	(\$2,110,523)	\$244
Increase (Decrease):					
Accrued Revenues at December 31, 1999 received during 2000	(271,183)	(484,544)	0	0	0
Accrued Revenues at December 31, 1998 received during 1999	262,136	560,332	0	1,308	0
Accrued Expenditures at December 31, 1999 paid during 2000	144,609	17,485	0	2,309,777	0
Accrued Expenditures at December 31, 1998 paid during 1999	(192,062)	(44,586)	0	(2,412,575)	0
Note Proceeds	0	0	0	5,138,000	0
1998 Prepaids for 1999	17,292	5,852	0	0	0
1999 Prepaids for 2000	(20,289)	(13,174)	0	(1,015)	0
Outstanding Encumbrances	<u>(252,469)</u>	<u>(20,368)</u>	<u>0</u>	<u>(5,351,340)</u>	<u>0</u>
Budget Basis	<u>(\$240,234)</u>	<u>(\$196,831)</u>	<u>(\$8,500)</u>	<u>(\$2,426,368)</u>	<u>\$244</u>

E. Cash and Cash Equivalents

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

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

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

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

The City has invested funds in the STAR Ohio during 1999. 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, 1999.

G. 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.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

General fixed asset values were initially determined at December 31, 1992 by appraisal utilizing the services of Industrial Appraisal Associates. Land and proprietary infrastructure were valued 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 fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**H. Fixed Assets and Depreciation** (Continued)2. Property, Plant and Equipment - Proprietary Funds

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 fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	20 - 40
Improvements other than Buildings	50
Machinery, Equipment, Furniture and Fixtures	5 - 20

I. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bond	Southeast Sewer Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Mortgage Revenue Bond	Water Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Recycling Grant Fund, Refuse Collection Fund Water Fund, Sewer Fund, Electric Fund

J. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

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

K. Pensions

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

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during 1999.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

M. Reservations of Fund Balance

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

N. Restricted Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**O. Contributed Capital**

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation recognized on assets acquired or constructed through capital grants or contributions is closed to the appropriate contributed capital account. Net income or loss adjusted by the amount of depreciation on fixed assets acquired through contributed capital is closed to retained earnings.

P. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements - Overview" are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficit of \$25,165 in the Municipal Building Construction Fund (capital projects fund) is the result of recording notes payable amounts in the individual fund balance sheet. The fund deficit of \$1,952,680 in the Communications Department Fund (capital projects fund) arose from the recognition of expenditures on the accrual basis which are greater than those on the cash basis. A deficit does not exist under the cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur. The City did not fully comply with 5705.41(D) of the Ohio Revised Code.

NOTE 3 – PRIOR PERIOD ADJUSTMENT

Certain adjustments were made to the beginning balance of the Municipal Court Fund (Agency Fund) due to an accounting error in the reporting of cash & cash equivalents. The balance decreased \$133,741, from the previously reported amount of \$163,617, to the restated amount of \$29,876. The beginning fund balance of the Revolving Loan Fund (Special Revenue) has been restated to correct an accounting error in the reporting of the loans receivable balance. This error required an adjustment to the December 31, 1998 fund balance as follows:

<u>Special Revenue Funds</u>	
Balance at December 31, 1998 (as reported)	\$7,223,331
Adjustment to Loans Receivable	<u>(100,000)</u>
Restated Balance at December 31, 1998	<u>\$7,123,331</u>

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 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).

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

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 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the City's deposits was an overdraft of \$130,992 and the bank balance was \$471,540. Federal depository insurance covered \$300,000 of the bank balance and the remaining deposits were classified as Category 3.

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

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**B. Investments**

The City's investments at December 31, 1999 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
Repurchase Agreements	<u>\$1,019,000</u>	<u>\$1,019,000</u>
<u>Non-Categorized Investments</u>		
STAR Ohio	<u>N/A</u>	<u>16,038,628</u>
Total Investments	<u>\$1,019,000</u>	<u>\$17,057,628</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$16,929,906	\$0
Less: Petty Cash	(3,270)	0
Investments:		
STAR Ohio	(16,038,628)	16,038,628
Repurchase Agreement	<u>(1,019,000)</u>	<u>1,019,000</u>
Per GASB Statement No. 3	<u>(\$130,992)</u>	<u>\$17,057,628</u>

* Includes Cash with Fiscal Agent.

NOTE 5 - TAXES**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the City and used in business. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, 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 1994. 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, 1999 was \$2.80 per \$1,000 of assessed value. The assessed value upon which the 1999 levy was based was \$171,436,610. This amount constitutes \$115,223,620 in real property assessed value, \$4,076,460 in public utility assessed value and \$52,136,530 in tangible personal property assessed value.

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

B. Income Tax

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

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

NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999:

Fund	Transfer In	Transfer Out
General Fund	\$2,643,414	\$0
Special Revenue Funds:		
Municipal Income Tax Fund	0	3,291,595
Income Tax 1/2% Fund	37,850	1,496,421
Street Construction, Maintenance and Repair Fund	450,000	0
Recycling Fund	190,000	0
Law Enforcement Block Grant I	1,000	0
Law Enforcement Block Grant II	595	0
Downtown Traffic Improvements Fund	18,999	0
COPS Grant Fund	0	43,414
Total Special Revenue Funds	698,444	4,831,430
Debt Service Fund:		
Southeast Sewer Bond Retirement Fund	150,000	0
Capital Projects Funds:		
Capital Improvements Fund	524,760	1,265,546
East South Street Culvert Replacement Fund	22,864	0
Underpass Replacement Fund	69,532	0
Deerfield Storm Sewer Fund	35,800	5,458
Prairie Creek Phases I & II Fund	218,332	0
Newdale Parking Fund	72,500	8,022
Street Upgrades Fund	75,000	0
Townline Road Improvement Fund	648,886	11,400
Parking & Beautification Fund	20,000	0
Pigeon Run - Noble to Portland Fund	181,181	0
Downtown Parking Lot Fund	15,740	0
South Main Street Widening Fund	0	978
Downing Drive Improvement Fund	10,000	0
Pigeon Run Ditch Improvement Phase III Fund	214,006	69
West Mulberry Street Widening Fund	67,000	23,150
Total Capital Projects Funds	2,175,601	1,314,623
Enterprise Fund:		
Sewer Fund	492,127	13,533
Totals	<u>\$6,159,586</u>	<u>\$6,159,586</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, accounts receivables, special assessments receivable, loans receivable and intergovernmental receivables arising from shared revenues.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 1999 consist of the following:

A. Due to/from Other Funds

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$0	\$3,041
Enterprise Funds:		
Water Fund	52	0
Sewer Fund	0	220
Electric Fund	3,261	52
Total Enterprise Funds	<u>3,313</u>	<u>272</u>
Total	<u>\$3,313</u>	<u>\$3,313</u>

B. Interfund Loans Receivable/Payable

Fund	Interfund Loans Receivable	Interfund Loans Payable
Capital Projects Fund:		
Communications Department Fund	\$0	\$2,100,000
Enterprise Fund:		
Electric Fund	<u>2,100,000</u>	<u>0</u>
Total Interfund Loans Receivables and Payables	<u>\$2,100,000</u>	<u>\$2,100,000</u>

NOTE 9 - FIXED ASSETS**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$1,146,800	\$269,792	\$0	\$1,416,592
Buildings and Improvements	2,103,021	457,870	0	2,560,891
Land Improvements	377,745	0	0	377,745
Machinery and Equipment	5,062,975	1,221,719	(50,619)	6,234,075
Totals	<u>\$8,690,541</u>	<u>\$1,949,381</u>	<u>(\$50,619)</u>	<u>\$10,589,303</u>

B. Proprietary Fixed Assets

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$1,696,954	\$0	\$1,696,954
Buildings and Improvements	11,478,217	(3,793,104)	7,685,113
Infrastructure	14,870,298	(5,892,374)	8,977,924
Machinery and Equipment	18,988,858	(14,408,511)	4,580,347
Property, Plant and Equipment	<u>\$47,034,327</u>	<u>(\$24,093,989)</u>	<u>\$22,940,338</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

A. Public Employees Retirement System (the "PERS of Ohio")

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% 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 PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$544,351, \$485,112 and \$464,022, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to the PERS of Ohio 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 PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$168,729.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)**

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$135,473, \$124,911 and \$115,361 for police and \$42,727, \$41,163 and \$40,214, 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 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 1999 covered payroll that was used to fund postemployment health care benefits was \$48,631 representing 7.00% of covered payroll for police and \$12,462 representing 7.00% 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. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 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, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 11 – COMPENSATED ABSENCES

The City provides a liability for accumulated unpaid sick, vacation, and compensatory time when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. The amount increased from a beginning year balance of \$610,384 to a year end balance of \$642,743.

At December 31, 1999, the total accumulated unpaid compensated absences time recorded in the General Long-Term Obligations Account Group was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	38,118	\$543,101
Vacation	5,124	77,981
Compensatory Time	<u>1,484</u>	<u>21,661</u>
Total	<u>44,726</u>	<u>\$642,743</u>

NOTE 12 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period.

	<u>Balance January 1, 1999</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 1999</u>
Capital Projects Fund Notes Payable:			
4.15% Municipal Building Construction	\$0	\$5,138,000	\$5,138,000
Enterprise Fund Notes Payable:			
3.85% Electric Bond Anticipation Notes	6,000,000	(6,000,000)	0
3.90% Electric Bond Anticipation Notes	<u>0</u>	<u>6,000,000</u>	<u>6,000,000</u>
Total Enterprise Fund Notes Payable	<u>6,000,000</u>	<u>0</u>	<u>6,000,000</u>
Total Notes Payable	<u>\$6,000,000</u>	<u>\$5,138,000</u>	<u>\$11,138,000</u>

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 1999 were as follows:

Interest Rate	Bond	Maturity Date	Balance December 31, 1998	Issued (Retired)	Balance December 31, 1999
Enterprise Funds:					
Mortgage Revenue Bond:					
4.80 - 5.90%	Water Tower Construction	2001	\$585,000	(\$185,000)	\$400,000
Total Enterprise Long-Term Debt			\$585,000	(\$185,000)	\$400,000
General Long-Term Debt:					
General Obligation Bond:					
10.00%	Southeast Sewer Improvement	2003	\$500,000	(\$100,000)	\$400,000
Special Assessment Bonds					
with Governmental Commitment:					
6.375%	Cardinal and Markey Drive		10,000	(10,000)	0
8.50%	Connin Street		40,000	(20,000)	20,000
12.25%	Perry Street		140,000	(35,000)	105,000
7.75%	Street Lighting and East End Sewer		121,000	(11,000)	110,000
Total Special Assessment Debt with Governmental Commitment			311,000	(76,000)	235,000
Other Long-Term Obligations:					
Compensated Absences			610,384	32,359	642,743
Total Other Long-Term Obligations			610,384	32,359	642,743
Total General Long-Term Debt and Other Long-Term Obligations			\$1,421,384	(\$143,641)	\$1,277,743

The principal amount of the City's special assessment debt outstanding at December 31, 1999, \$235,000, 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 \$34,633 in the Special Assessment Bond Retirement Fund at December 31, 1999 is reserved for the retirement of outstanding special assessment bonds.

A. Joint Ventures

The City also is a participant in two joint ventures, one of which has issued Certificates of Beneficial Interest (See Note 17). The debt service payment obligations of the joint ventures' participants, payable from each participants' user charges, is subject only to the prior payment of the operation and maintenance expenses. In case of default by a participant, the remaining participants become liable for that participant's debt service payments. The Certificates of Beneficial Interest are fully insured in case of total default by all of the participants. No defaults have occurred to date on either of these joint ventures.

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**A. Joint Ventures (Continued)**

The debt associated with OMEGA JV-5 amounts to 2.19 percent of \$147,815,000 or approximately \$3,237,149 on which principal payments begin February 15, 1998. The total principal retirements and the portion that will be paid by the City is as follows:

Years	Certificates of Beneficial Interest	City of Bryan Share
2000	\$2,985,000	\$65,371
2001	3,130,000	68,547
2002	3,280,000	71,832
2003	3,445,000	75,446
2004	3,620,000	79,278
2005-2024	131,355,000	2,876,675
Totals	<u>\$147,815,000</u>	<u>\$3,237,149</u>

B. Long-Term Funding Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999 were as follows:

Years	General Obligation Bond		Special Assessment Bonds		Mortgage Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$100,000	\$40,000	\$66,000	\$23,088	\$195,000	\$23,405
2001	100,000	30,000	46,000	16,248	205,000	12,095
2002	100,000	20,000	46,000	11,108	0	0
2003	100,000	10,000	11,000	5,968	0	0
2004	0	0	11,000	5,115	0	0
2005-2009	0	0	55,000	12,789	0	0
Totals	<u>\$400,000</u>	<u>\$100,000</u>	<u>\$235,000</u>	<u>\$74,316</u>	<u>\$400,000</u>	<u>\$35,500</u>

Debt of the enterprise funds is recorded within the enterprise funds. All other long-term debt is reflected in the General Long-Term Obligations Account Group.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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, Blue Cross and Blue Shield of Ohio, which monitors all claim payments. The dental care program is administered by The Guardian. The City purchases insurance for claims in excess of health insurance coverage provided by the Self-Insurance Fund. All departments of the City participate in the program and make payments to the Self-Insurance Fund based on participation of employees and their dependents.

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

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

The claims liability of \$68,769 reported in the fund at December 31, 1999 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 1999 and 1998 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>
1998	\$90,691	\$799,998	(\$801,213)	\$89,476
1999	89,476	791,203	(811,910)	68,769

NOTE 15 - CONTRIBUTED CAPITAL

During 1999 there were changes to contributed capital. The contributed capital balances as of December 31, 1999 are presented below:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Balance Beginning of Year	\$482,452	\$7,645,967	\$8,128,419
Less Depreciation on Contributed Capital	<u>(171,044)</u>	<u>(461,292)</u>	<u>(632,336)</u>
Balance at End of Year	<u>\$311,408</u>	<u>\$7,184,675</u>	<u>\$7,496,083</u>

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. The key financial information for the year ended December 31, 1999 for these enterprise activities is indicated below:

	Refuse Collection	Water	Sewer	Electric	Utility Deposits	Total
Operating Revenues	\$374,498	\$1,306,002	\$538,374	\$14,747,004	\$75,789	\$17,041,667
Depreciation	5,854	182,461	440,550	637,075	0	1,265,940
Operating Income (Loss)	30,051	78,692	(934,093)	(530,657)	21,219	(1,334,788)
Operating Transfers In	0	0	492,127	0	0	492,127
Operating Transfers Out	0	0	13,533	0	0	13,533
Net Income (Loss)	49,383	134,671	(449,905)	300,222	21,219	55,590
Property, Plant and Equipment:						
Additions	0	57,027	29,107	3,618,984	0	3,705,118
Assets	351,684	4,707,216	11,309,851	16,556,265	232,750	33,157,766
Net Working Capital	310,890	1,038,333	144,430	(2,197,036)	232,750	(470,633)
Notes and Bonds Payable	0	400,000	0	6,000,000	0	6,400,000
Total Equity	317,821	4,198,345	11,134,546	8,713,104	232,750	24,596,566

NOTE 17 - JOINT VENTURES**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 service to the Chase Brass and Copper Company. 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. In accordance with the joint venture agreement, the City remitted \$48,940 to the joint venture for 1999. 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 \$809,203 at December 31, 1999. Complete financial statements for Omega JV-4 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio, 43081, or from the City's Clerk/Treasurer.

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. On dissolution of the joint venture, the net assets of Omega JV-5 will be shared by the participants on a percentage basis. The Omega JV-5 is managed by AMP-Ohio which acts

NOTE 17 - JOINT VENTURES (Continued)**A. Joint Ventures with an Equity Interest** (Continued)

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 and a portion of the \$153,415,000 certificates of beneficial interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the City remitted \$352,502 to the joint venture for 1999. The City's net investment and its share of the operating results of Omega JV-5 are reported in the City's electric fund (an enterprise fund). The City's equity interest in Omega JV-5 was \$52,533 at December 31, 1999. Complete financial statements for Omega JV-5 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio, 43081, or from the City's Clerk/Treasurer.

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 did not contribute to the Task Force in 1999. Complete financial statements for the Task Force can be obtained through the Defiance County Sheriff's Office located at 113 Biede Street, Defiance, Ohio 43512.

C. Jointly Governed Organization

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 1999, the City paid administrative fees of \$2,000 to MVPO.

NOTE 18 - CONSTRUCTION COMMITMENT

As of December 31, 1999, the City had the following commitment with respect to capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Municipal Building	\$4,892,650	January 2001

NOTE 19 - 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.

THE CITY OF BRYAN, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$29,876	\$2,060,960	(\$2,080,710)	\$10,126
Total Assets	<u>\$29,876</u>	<u>\$2,060,960</u>	<u>(\$2,080,710)</u>	<u>\$10,126</u>
Liabilities:				
Due to Others	\$29,876	\$2,060,960	(\$2,080,710)	\$10,126
Total Liabilities	<u>\$29,876</u>	<u>\$2,060,960</u>	<u>(\$2,080,710)</u>	<u>\$10,126</u>

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

City of Bryan
Williams County
321 West Bryan Street
Bryan, Ohio 43506-1243

To the City Council and Board of Public Affairs:

We have audited the financial statements of the City of Bryan, Williams County, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated December 13, 2000, which report was qualified for an insufficiency of evidence supporting the valuation of fixed assets in the General Fixed Assets Account Group and Proprietary Fund Type. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-20186-01. We also noted an immaterial instance of noncompliance that we have reported to the management of the City in a separate letter dated December 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-20186-02 and 1999-20186-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 1999-20186-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated December 13, 2000.

This report is intended for the information of management, City Council, and the Board of Public Affairs, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 13, 2000

**CITY OF BRYAN
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-20186-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the City Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the City Council.

Eighteen percent of the transactions tested were not authorized prior to the purchases. This procedure is not only required by Ohio law, it is also a key control in the disbursement process. This control ensures that purchase commitments receive prior approval which helps to reduce the possibility of funds being over expended. To improve controls over disbursements, we recommend that the Clerk-Treasurer certify all disbursements and that Council periodically review the expenditures to ensure that they are properly certified by the Clerk-Treasurer and are recorded against appropriations.

FINDING NUMBER 1999-20186-002

Material Weakness - Fixed Assets

- The City could not provide a master list of fixed assets at December 31, 1999 that directly traced to the amounts recorded on the financial statements.
- The 1999 fixed asset addition list was not categorized by asset class. In addition, it could not be traced to the amounts reported for fixed asset additions by asset class in the General Fixed Asset Account Group or in the Proprietary Funds.
- Several items on the December 31, 1998 Fixed Asset list prepared by the Industrial Appraisal Firm were valued at their replacement cost and not at their actual cost.
- A Proprietary Fund master asset list was not prepared which showed the useful life of the asset; the current year depreciation expense; the total accumulated depreciation amount; the value of the assets after total accumulated depreciation; and amounts that could be traced to the financial statements.

FINDING NUMBER 1999-20186-002
(Continued)

Incomplete fixed asset records may hinder detecting whether or not there has been a loss of property, and could result in inaccurate insurance claims being filed. In order to provide a more accurate record of fixed assets, we recommend that:

- An annual master list of all of the City's fixed assets be generated that directly traces to the amounts reported on the financial statements.
- A list of fixed asset additions be maintained by the City. This list should be categorized by department and/or fund type. The list should include the following: an accurate description of each asset; an asset's serial number, model number, and/or identification number; the source of the asset; acquisition date; location of the asset, and the value at its actual cost. In addition, the City should maintain a list of assets that have been disposed, sold, or traded in. The City should update the addition and deletion list annually to its master list of general fixed assets.
- A master list of Proprietary Fund assets should be maintained that lists the useful life of the asset; the current year depreciation expense; the total accumulated depreciation amount; and the value of the assets after total accumulated depreciation. Fixed assets amounts should reconcile to those presented on the financial statements.

FINDING NUMBER 1999-20186-003

Reportable Condition - Monthly Reconciliations

The bank account balances should be reconciled to the general ledger fund balances each month. This procedure is an important method of detecting errors in the general ledger postings and bank account records. After this procedure is completed, any errors found should be immediately corrected.

In 1999, the Clerk-Treasurer attempted to reconcile the bank accounts to the book balances each month through September 1999. In January 1999, he reconciled the books to the bank; however, in the other months, he was unable to account for all of the unreconciled differences. These unreconciled differences were inconsistent from month to month. As a result, the governing authorities did not receive financial information that was necessarily accurate. We recommend that the governing authorities (Council and Board of Public Affairs) require the Clerk-Treasurer's office to present evidence that the City's bank account balances have been reconciled to the general ledger fund balances in a timely manner along with other financial information submitted for review. The governing authorities should indicate their review of each reconciliation. We also recommend that the City hire an accounting firm such as the Auditor of State's Local Government Services (LGS) to reconcile fiscal year 2000's bank accounts to date.

**CITY OF BRYAN
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-20186-001	ORC § 5705.41(D) Purchase orders were not properly encumbered	Partially Corrected	The Clerk-Treasurer continues to make a concerted effort to improve the certifying process. In FY 1998, 50% of the vouchers tested were not properly certified. In FY 1999, only 18% of vouchers examined were not properly certified.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF BRYAN

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 9, 2001**