

**CITY OF BRYAN  
WILLIAMS COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2022**



**CITY OF BRYAN  
WILLIAMS COUNTY  
DECEMBER 31, 2022**

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WILLIAMS COUNTY  
DECEMBER 31, 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

City of Bryan  
Williams County  
1399 East High Street  
P.O. Box 190  
Bryan, Ohio 43506-0190

To the City Council:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bryan, Williams County, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bryan, Williams County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and American Rescue Plan Act (ARPA) funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

**Required Supplementary Information**

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

**Supplementary information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purpose of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2023

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## **CITY OF BRYAN, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2022***

***Unaudited***

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This discussion and analysis of the City of Bryan's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2022 are as follows:

- ❑ In total, net position increased \$9,198,123. Net position of governmental activities increased \$2,528,522, which represents a 6% change from 2021. Net position of business-type activities increased \$6,669,601 or approximately 10% from 2021.
- ❑ General revenues accounted for \$11,800,535 in revenue or 27% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$31,519,428, or 73% of total revenues of \$43,319,963.
- ❑ The City had \$10,899,014 in expenses related to governmental activities; only \$2,409,330 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$11,384,854 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$9,942,888 in revenues and \$9,507,981 in expenditures and other financing uses. The general fund's fund balance increased from a balance of \$9,422,685 to \$9,857,592.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

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

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

# CITY OF BRYAN, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2022*

*Unaudited*

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## **Government-wide Statements**

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

The two government-wide statements report the City's net position and how it has changed. Net position is one way to measure the City's financial health.

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

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

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

## **Fund Financial Statements**

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

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

## CITY OF BRYAN, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2022

*Unaudited*

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

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

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2022 compared to 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$23,814,940	\$21,523,552	\$31,037,142	\$29,402,000	\$54,852,082	\$50,925,552
Net OPEB Asset	511,100	268,393	824,070	477,040	1,335,170	745,433
Capital Assets, Net	31,601,911	31,920,304	52,467,153	49,517,783	84,069,064	81,438,087
Total Assets	<u>55,927,951</u>	<u>53,712,249</u>	<u>84,328,365</u>	<u>79,396,823</u>	<u>140,256,316</u>	<u>133,109,072</u>
Deferred Outflows of Resources	2,172,173	1,518,300	951,421	809,506	3,123,594	2,327,806
Net Pension Liability	4,463,215	5,352,528	2,180,341	3,747,481	6,643,556	9,100,009
Net OPEB Liability	545,802	504,202	0	0	545,802	504,202
Other Long-term Liabilities	1,975,004	2,205,051	4,822,549	5,141,670	6,797,553	7,346,721
Other Liabilities	1,343,033	715,163	1,213,402	1,250,476	2,556,435	1,965,639
Total Liabilities	<u>8,327,054</u>	<u>8,776,944</u>	<u>8,216,292</u>	<u>10,139,627</u>	<u>16,543,346</u>	<u>18,916,571</u>
Deferred Inflows of Resources	4,399,411	3,608,468	3,578,882	3,251,691	7,978,293	6,860,159
Net Position						
Net Investment in Capital Assets	30,541,911	30,751,304	48,676,696	46,940,615	79,218,607	77,691,919
Restricted	9,748,094	9,199,777	0	0	9,748,094	9,199,777
Unrestricted	5,083,654	2,894,056	24,807,916	19,874,396	29,891,570	22,768,452
Total Net Position	<u>\$45,373,659</u>	<u>\$42,845,137</u>	<u>\$73,484,612</u>	<u>\$66,815,011</u>	<u>\$118,858,271</u>	<u>\$109,660,148</u>

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability (NOL) is reported by the City pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

## **CITY OF BRYAN, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

## CITY OF BRYAN, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2022

*Unaudited*

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

Change in Net Position – The following table shows the change in net position for 2022 compared to 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,039,588	\$1,094,727	\$27,062,047	\$26,716,559	\$28,101,635	\$27,811,286
Operating Grants and Contributions	735,828	1,278,295	266,073	0	1,001,901	1,278,295
Capital Grants and Contributions	633,914	110,000	1,781,978	0	2,415,892	110,000
Total Program revenues:	2,409,330	2,483,022	29,110,098	26,716,559	31,519,428	29,199,581
General revenues:						
Property Taxes	468,948	367,489	0	0	468,948	367,489
Income Taxes	9,270,179	7,500,417	0	0	9,270,179	7,500,417
Other Local Taxes	648,303	686,320	66,385	65,774	714,688	752,094
Intergovernmental Revenues, Unrestricted	428,620	403,991	0	0	428,620	403,991
Investment Earnings	293,088	26,360	349,296	29,509	642,384	55,869
Miscellaneous	275,716	74,596	0	0	275,716	74,596
Total General revenues:	11,384,854	9,059,173	415,681	95,283	11,800,535	9,154,456
Total Revenues	13,794,184	11,542,195	29,525,779	26,811,842	43,319,963	38,354,037
Program Expenses						
Security of Persons and Property	3,260,273	2,994,827	0	0	3,260,273	2,994,827
Leisure Time Activities	1,016,408	748,050	0	0	1,016,408	748,050
Community Environment	113,980	25,387	0	0	113,980	25,387
Public Health and Welfare	32,889	87,624	0	0	32,889	87,624
Transportation	1,928,286	1,526,466	0	0	1,928,286	1,526,466
General Government	4,531,055	3,043,806	0	0	4,531,055	3,043,806
Interest and Fiscal Charges	16,123	94,959	0	0	16,123	94,959
Water	0	0	2,188,187	1,170,413	2,188,187	1,170,413
Sewer	0	0	1,798,142	1,500,383	1,798,142	1,500,383
Refuse Collection	0	0	411,115	1,051,401	411,115	1,051,401
Electric Operating	0	0	17,067,903	16,274,565	17,067,903	16,274,565
Communication Operations	0	0	1,757,479	2,364,226	1,757,479	2,364,226
Total Expenses	10,899,014	8,521,119	23,222,826	22,360,988	34,121,840	30,882,107
Change in Net Position Before Transfers	2,895,170	3,021,076	6,302,953	4,450,854	9,198,123	7,471,930
Transfers	(366,648)	(222,632)	366,648	222,632	0	0
Total Change in Net Position	2,528,522	2,798,444	6,669,601	4,673,486	9,198,123	7,471,930
Beginning Net Position	42,845,137	40,046,693	66,815,011	62,141,525	109,660,148	102,188,218
Ending Net Position	\$45,373,659	\$42,845,137	\$73,484,612	\$66,815,011	\$118,858,271	\$109,660,148

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

***Management's Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

***Governmental Activities***

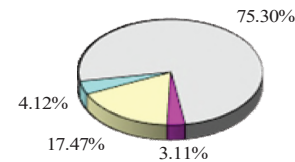
Governmental activities net position increased \$2,528,522, or 6%. A decrease in operating grants can mostly be attributed to a decrease in municipal court probation grants. Capital grants and contributions included land donations received from the Bryan City School District and Bard-Steel Family Foundation, as well as a fountain donation received from the Bryan Area Foundation. An increase in investment earnings can be attributed to an increase in interest rates. An increase in income taxes can be attributed to improving economic conditions.

An overall decrease in expenses in the prior year due to changes in the net pension and net OPEB liabilities resulted in a subsequent increase in expenses in 2022.

The City receives an income tax, which is based on 1.8% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City.

Income taxes and property taxes made up 67% and 3%, respectively, of revenues for governmental activities in 2022. The City's reliance upon tax revenues is demonstrated by the following graph indicating 75% of total revenues from general tax revenues:

Revenue Sources	2022	Percent of Total
General Tax Revenues	\$10,387,430	75.30%
Intergovernmental, Unrestricted	428,620	3.11%
Program Revenues	2,409,330	17.47%
General Other	568,804	4.12%
Total Revenue	<u>\$13,794,184</u>	<u>100.00%</u>



***Business-Type Activities***

Net position of the business-type activities increased \$6,669,601. This represents an approximately 10% change from 2021. In 2022, refuse collection service was moved from the City to a third party company. In addition, the City's communications department ended cable TV service. These changes resulted in substantial decreases in revenues and expenses in these departments. Increases in electric, water, and sewer service receipts resulted in total overall charges for service and sales that was consistent with the prior year.

Capital grants and contributions consisted of grants received for the Horton Heights sewer improvement project as well as donations received from Airmate for water system improvements.

An overall decrease in expenses in the prior year due to changes in the net pension and net OPEB liabilities resulted in a subsequent increase in expenses in 2022.

## CITY OF BRYAN, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2022**

**Unaudited**

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$19,363,568, which is an increase from last year's balance of \$18,318,948. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2022 and 2021:

	Fund Balance December 31, 2022	Fund Balance December 31, 2021	Increase (Decrease)
General	\$9,857,592	\$9,422,685	\$434,907
ARPA	0	0	0
Capital Improvement	3,146,446	2,587,831	558,615
Other Governmental	6,359,530	6,308,432	51,098
Total	\$19,363,568	\$18,318,948	\$1,044,620

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

	2022 Revenues	2021 Revenues	Increase (Decrease)
Taxes	\$8,163,371	\$7,688,066	\$475,305
Intergovernmental Revenues	532,182	400,049	132,133
Charges for Services	308,882	318,656	(9,774)
Licenses and Permits	146,250	120,305	25,945
Investment Earnings	202,500	17,712	184,788
Gifts and Donations	115,165	185,384	(70,219)
Fines and Forfeitures	368,796	413,908	(45,112)
All Other Revenue	105,742	26,349	79,393
Total	\$9,942,888	\$9,170,429	\$772,459

General Fund revenues increased \$772,459 or approximately 8% when compared with the prior year. An increase in taxes was the result of an increase in income taxes, which can mostly be attributed to improving economic conditions. An increase in intergovernmental revenues can be attributed to reimbursements received from the State Facility Commission for amphitheater improvements. An increase in investment earnings can be attributed to an increase in interest rates.

	2022 Expenditures	2021 Expenditures	Increase (Decrease)
Security of Persons and Property	\$1,847,985	\$1,914,287	(\$66,302)
Public Health and Welfare	46,348	102,350	(56,002)
Leisure Time Activities	1,273,203	977,177	296,026
General Government	3,897,454	3,396,511	500,943
Total	\$7,064,990	\$6,390,325	\$674,665

## **CITY OF BRYAN, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

General Fund expenditures increased \$674,665, or 11% when compared with the prior year. Capital purchases for the cemetery in the prior year resulted in a subsequent decrease in expenditures in public health and welfare in 2022. An increase in leisure time activities can be attributed to various parks improvements, including improvements to the amphitheater, various park restrooms, video display board, and building security. An increase in general government can mostly be attributed to increases in employee wages and benefits and income tax refunds.

*American Rescue Plan Act (ARPA) Fund* – The ARPA Fund is reporting \$865,543 in pooled cash and investments at year end, which is offset by unearned revenue.

*Capital Improvement Fund* – The Capital Improvement Fund balance increased \$558,615, or 22%. Revenues were consistent with the prior year. Various street improvement projects in the prior year resulted in a decrease in expenditures in the current year. Also contributing to the increase in fund balance was an increase in transfers.

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

During 2022, the City amended its General Fund budget several times to reflect changing circumstances.

Final estimated revenues were 16% higher than original estimates due mostly to increases in taxes and intergovernmental revenues. Final estimated and actual budget basis revenues were not materially different.

The difference between final budgeted appropriations and original budgeted appropriations was insignificant. Final budgeted appropriations exceeded actual expenditures by 12%. This was due to the controlling of expenditures across all general fund departments.

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

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

At the end of 2022 the City had \$84,069,064 net of accumulated depreciation invested in land, buildings and improvements, infrastructure, and machinery and equipment. Of this total, \$31,601,911 was related to governmental activities and \$52,467,153 to the business-type activities. The following tables show 2022 and 2021 balances:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Land	\$5,133,301	\$5,090,301	\$43,000
Construction In Progress	271,838	447,726	(175,888)
Buildings	19,296,051	19,296,051	0
Improvements Other than Buildings	5,120,445	4,743,715	376,730
Infrastructure	22,616,209	21,724,960	891,249
Machinery and Equipment	8,014,133	7,941,188	72,945
Less: Accumulated Depreciation	(28,850,066)	(27,323,637)	(1,526,429)
Totals	\$31,601,911	\$31,920,304	(\$318,393)



**CITY OF BRYAN, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

	Business-Type Activities		Increase (Decrease)
	2022	2021	
Land	\$2,353,205	\$2,379,327	(\$26,122)
Construction in Progress	4,553,645	2,335,577	2,218,068
Buildings and Improvements	22,401,568	22,476,814	(75,246)
Infrastructure	43,336,708	42,684,811	651,897
Machinery and Equipment	52,538,807	51,759,076	779,731
Leased Equipment	43,964	43,964	0
Less: Accumulated Depreciation	(72,760,744)	(72,143,406)	(617,338)
Totals	\$52,467,153	\$49,536,163	\$2,930,990

Significant governmental capital asset activity included the completion of the Parkview Avenue and Belmont Avenue Improvements project as well as the start of the Horton Heights Sewer project. In addition, a burn building project is underway for the Fire Department and several Parks projects were in the works including new sidewalks and restrooms near the amphitheater. There were several other infrastructure projects which were a part of the 2022 governmental capital asset activities.

Business-type capital activities included the purchase of a solar field which the City had been leasing in addition to the majority of the Power Plant Substation Phase 1 – Major Equipment project. The Water Department completed a water main extension to Airmate as well as a water main replacement on East Bryan Street in addition to rehabbing the south High Pressure filter at the Water Plant. In addition to the aforementioned, the implementation of the City-wide Automated Metering Infrastructure program for both the Electric and Water Departments was underway in 2022 and has an anticipated completion date in 2023. Also of note is the Dewatering Project which began in 2022 at the Wastewater facility. The remainder of the project is planned to be completed in 2023.

Additional information on the City's capital assets can be found in Note 8.

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## **CITY OF BRYAN, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2022**

**Unaudited**

**Debt and Other Long Term Liabilities**

The following table summarizes the City's debt and other long term liabilities outstanding as of December 31, 2022 and 2021:

	2022	Restated 2021
Governmental Activities:		
General Obligation Bonds	\$1,060,000	\$1,169,000
Compensated Absences	915,004	1,036,051
Total Governmental Activities	<u>1,975,004</u>	<u>2,205,051</u>
Business-Type Activities:		
Revenue Bonds	2,221,662	2,221,662
Ohio Water Development Authority Loans	1,491,248	1,820,654
Leases Payable	9,328	18,380
Compensated Absences	1,100,311	1,099,354
Total Business-Type Activities	<u>4,822,549</u>	<u>5,160,050</u>
Totals	<u>\$6,797,553</u>	<u>\$7,365,101</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2022, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

### **ECONOMIC FACTORS**

The following analysis utilizes cash basis figures. Analysis of the General Fund reflects fund activity as reported on a budgetary basis.

The effects of the global pandemic were less impactful in 2022 as electric utility consumption levels were returning to pre-Coronavirus levels. In addition, income tax revenues were increased over 2021 by approximately 23% indicating a return to local economic health. In 2022, the second tranche of the American Rescue Plan Act (ARPA) funds were received in the amount of \$434,492. Bryan City Council has indicated an intent to utilize the funds for a Wastewater Dewatering project which will begin in 2023.

Also of note in the City was the discontinuance of two (2) utility services. Effective May 31, 2022, the City of Bryan ceased to offer Cable TV services primarily due to increasing programming costs. The following month, residential refuse services were outsourced to Republic. Bryan was one (1) of the last municipalities in the area to outsource refuse services.

Conservative budgeting continues to be a reflection of the general economic climate as well as State mandated local government funds reduction and the elimination of the estate tax. Income tax revenues remain somewhat of a concern due to the change to net operating loss carry-forward as well as the opt-in centralization of net profit filings as permitted by legislation approved by the State of Ohio. In light of mandated income tax changes, the City chose to have the Regional Income Tax Agency (RITA) collect and administer income taxes for the City of Bryan effective August 2021. Collection efforts utilizing the State Attorney General's office have proven to be effective in recent years.

## **CITY OF BRYAN, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2022***

***Unaudited***

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In November 2005, taxpayers voted a .3% permanent income tax for the Fire Department operations. As an independent revenue source, this tax continues to support the condition of the general fund. In November of 2022, the ½% income tax was renewed for 9-1/2 years for purposes including street and sewer infrastructure.

A property exceeding 80 acres was purchased in 2014 on the north side of Bryan in an effort to attract large businesses to the City. At this time, the intent is to split the property into four (4) approximately 20 acre lots for industrial development. Bryan is a commercial and industrial hub for Northwest Ohio. It is conveniently located within one-hour drive of Toledo and Fort Wayne. Cleveland, Cincinnati, Detroit and Chicago are within an easy drive of the City. State routes 2, 15, 6 and 34 are major roadways serving Bryan and the Ohio Turnpike is only 8 miles to the North of the City. Bryan continues to attract interest through Enterprise Zone Agreements, revolving loans and working in conjunction with the Bryan Economic Development Office and the Williams County Economic Development Corporation.

### **REQUESTS FOR INFORMATION**

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

**CITY OF BRYAN, OHIO**

**Statement of Net Position**  
**December 31, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 18,884,386	\$ 24,533,167	\$ 43,417,553
Cash and Cash Equivalents in Segregated Accounts	36,831	0	36,831
Receivables:			
Taxes	2,773,637	0	2,773,637
Accounts	86,930	3,945,653	4,032,583
Intergovernmental	667,924	276,044	943,968
Interest	63,233	73,853	137,086
Loans	749,568	0	749,568
Leases	0	23,305	23,305
Internal Balance	355,429	(355,429)	0
Inventory of Supplies at Cost	79,571	1,486,412	1,565,983
Prepaid Items	117,431	403,215	520,646
Investment in Joint Venture	0	649,172	649,172
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	1,750	1,750
Net OPEB Asset	511,100	824,070	1,335,170
Non-Depreciable Capital Assets	5,405,139	6,906,850	12,311,989
Depreciable Capital Assets, Net	26,196,772	45,560,303	71,757,075
<b>Total Assets</b>	<b>55,927,951</b>	<b>84,328,365</b>	<b>140,256,316</b>
<b>Deferred Outflows of Resources:</b>			
Pension	1,801,575	951,421	2,752,996
OPEB	370,598	0	370,598
<b>Total Deferred Outflows of Resources</b>	<b>2,172,173</b>	<b>951,421</b>	<b>3,123,594</b>
<b>Liabilities:</b>			
Accounts Payable	125,488	996,730	1,122,218
Accrued Wages and Benefits	90,289	72,467	162,756
Intergovernmental Payable	43,991	61,465	105,456
Claims Payable	216,494	0	216,494
Matured Bonds and Interest Payable	0	1,750	1,750
Unearned Revenue	865,543	56,662	922,205
Accrued Interest Payable	1,228	24,328	25,556
Noncurrent Liabilities:			
Due Within One Year	437,129	612,030	1,049,159
Due in More Than One Year:			
Net Pension Liability	4,463,215	2,180,341	6,643,556
Net OPEB Liability	545,802	0	545,802
Other Amounts Due in More Than One Year	1,537,875	4,210,519	5,748,394
<b>Total Liabilities</b>	<b>8,327,054</b>	<b>8,216,292</b>	<b>16,543,346</b>

(Continued)

**CITY OF BRYAN, OHIO**

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	452,372	0	452,372
Leases	0	23,305	23,305
Pension	3,105,692	2,678,609	5,784,301
OPEB	841,347	876,968	1,718,315
<b>Total Deferred Inflows of Resources</b>	<u>4,399,411</u>	<u>3,578,882</u>	<u>7,978,293</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	30,541,911	48,676,696	79,218,607
Restricted For:			
Capital Projects	3,167,604	0	3,167,604
Debt Service	86,237	0	86,237
Other Purposes	6,494,253	0	6,494,253
Unrestricted	5,083,654	24,807,916	29,891,570
<b>Total Net Position</b>	<u>\$ 45,373,659</u>	<u>\$ 73,484,612</u>	<u>\$ 118,858,271</u>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2022**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 3,260,273	\$ 97,297	\$ 40,977	\$ 0
Leisure Time Activities	1,016,408	66,579	111,706	457,005
Community Environment	113,980	21,561	0	0
Public Health and Welfare	32,889	24,659	7,986	0
Transportation	1,928,286	0	574,159	133,909
General Government	4,531,055	829,492	1,000	43,000
Interest and Fiscal Charges	16,123	0	0	0
<b>Total Governmental Activities</b>	<b>10,899,014</b>	<b>1,039,588</b>	<b>735,828</b>	<b>633,914</b>
<b>Business-Type Activities:</b>				
Water	2,188,187	2,828,441	266,073	245,228
Sewer	1,798,142	1,918,400	0	1,536,750
Refuse Collection	411,115	469,093	0	0
Electric Operating	17,067,903	20,580,935	0	0
Communication Operations	1,757,479	1,265,178	0	0
<b>Total Business-Type Activities</b>	<b>23,222,826</b>	<b>27,062,047</b>	<b>266,073</b>	<b>1,781,978</b>
<b>Totals</b>	<b>\$ 34,121,840</b>	<b>\$ 28,101,635</b>	<b>\$ 1,001,901</b>	<b>\$ 2,415,892</b>

**General Revenues and Transfers**

- Property Taxes Levied for:
  - General Purposes
  - Income Tax
  - Other Local Taxes
- Intergovernmental Revenues, Unrestricted
- Investment Earnings
- Miscellaneous
- Transfers
- Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,121,999)	\$ 0	\$ (3,121,999)
(381,118)	0	(381,118)
(92,419)	0	(92,419)
(244)	0	(244)
(1,220,218)	0	(1,220,218)
(3,657,563)	0	(3,657,563)
(16,123)	0	(16,123)
<u>(8,489,684)</u>	<u>0</u>	<u>(8,489,684)</u>
0	1,151,555	1,151,555
0	1,657,008	1,657,008
0	57,978	57,978
0	3,513,032	3,513,032
0	(492,301)	(492,301)
<u>0</u>	<u>5,887,272</u>	<u>5,887,272</u>
<u>\$ (8,489,684)</u>	<u>\$ 5,887,272</u>	<u>\$ (2,602,412)</u>
468,948	0	468,948
9,270,179	0	9,270,179
648,303	66,385	714,688
428,620	0	428,620
293,088	349,296	642,384
275,716	0	275,716
(366,648)	366,648	0
<u>11,018,206</u>	<u>782,329</u>	<u>11,800,535</u>
2,528,522	6,669,601	9,198,123
42,845,137	66,815,011	109,660,148
<u>\$ 45,373,659</u>	<u>\$ 73,484,612</u>	<u>\$ 118,858,271</u>

**CITY OF BRYAN, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2022**

	General	ARPA	Capital Improvement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 8,610,917	\$ 865,543	\$ 2,304,563
Cash and Cash Equivalents in Segregated Accounts	27,096	0	0
Receivables:			
Taxes	2,396,034	0	0
Accounts	54,360	0	17,611
Intergovernmental	279,510	0	0
Interest	42,915	0	0
Loans	0	0	0
Interfund Loans Receivable	0	0	839,294
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	73,760	0	0
<b>Total Assets</b>	<u>\$ 11,484,592</u>	<u>\$ 865,543</u>	<u>\$ 3,161,468</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 94,241	\$ 0	\$ 15,022
Accrued Wages and Benefits Payable	70,608	0	0
Intergovernmental Payable	33,460	0	0
Unearned Revenue	0	865,543	0
Compensated Absences Payable	15,370	0	0
<b>Total Liabilities</b>	<u>213,679</u>	<u>865,543</u>	<u>15,022</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	960,949	0	0
Property Tax Levy for Next Fiscal Year	452,372	0	0
<b>Total Deferred Inflows of Resources</b>	<u>1,413,321</u>	<u>0</u>	<u>0</u>
<b>Fund Balance:</b>			
Nonspendable	96,517	0	0
Restricted	0	0	3,146,446
Assigned	4,136,036	0	0
Unassigned	5,625,039	0	0
<b>Total Fund Balance</b>	<u>9,857,592</u>	<u>0</u>	<u>3,146,446</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 11,484,592</u>	<u>\$ 865,543</u>	<u>\$ 3,161,468</u>

See accompanying notes to the basic financial statements



**CITY OF BRYAN, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 5,129,233 9,735  377,603 14,959 388,414 14,085 749,568 0 79,571 43,671 <hr style="border-top: 3px double black;"/> \$ 6,806,839	\$ 16,910,256 36,831  2,773,637 86,930 667,924 57,000 749,568 839,294 79,571 117,431 <hr style="border-top: 3px double black;"/> \$ 22,318,442
\$ 16,225 19,681 10,531 0 0 <hr style="border-top: 1px solid black;"/> 46,437	\$ 125,488 90,289 43,991 865,543 15,370 <hr style="border-top: 1px solid black;"/> 1,140,681
400,872 0 <hr style="border-top: 1px solid black;"/> 400,872	1,361,821 452,372 <hr style="border-top: 1px solid black;"/> 1,814,193
872,810 5,486,720 0 0 <hr style="border-top: 1px solid black;"/> 6,359,530	969,327 8,633,166 4,136,036 5,625,039 <hr style="border-top: 1px solid black;"/> 19,363,568
<hr style="border-top: 3px double black;"/> \$ 6,806,839	<hr style="border-top: 3px double black;"/> \$ 22,318,442

**CITY OF BRYAN, OHIO**

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***Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2022***

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**Total Governmental Fund Balances** \$ 19,363,568

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

Capital Assets used in governmental activities are not  
resources and therefore are not reported in the funds. 31,601,911

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds. 1,361,821

The net pension/OPEB liability is not due and payable in the current period;  
therefore, the liability and related deferred inflows/outflows are not  
reported in governmental funds:

Deferred Outflows - Pension	1,801,575	
Deferred Inflows - Pension	(3,105,692)	
Net Pension Liability	(4,463,215)	
Deferred Outflows - OPEB	370,598	
Deferred Inflows - OPEB	(841,347)	
Net OPEB Asset	511,100	
Net OPEB Liability	(545,802)	(6,272,783)

Internal service funds are used by management to charge  
the costs of insurance to individual funds. The assets  
and liabilities of the internal service funds are included in  
governmental activities in the statement of net position. 1,280,004

Long-term liabilities, including bonds payable, are not due  
and payable in the current period and therefore are not  
reported in the funds.

General Obligation Bonds Payable	(1,060,000)	
Compensated Absences Payable	(899,634)	
Accrued Interest Payable	(1,228)	(1,960,862)

***Net Position of Governmental Activities*** **\$ 45,373,659**

See accompanying notes to the basic financial statements

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**CITY OF BRYAN, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2022**

	General	ARPA	Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 8,163,371	\$ 0	\$ 0
Intergovernmental Revenues	532,182	0	133,909
Charges for Services	308,882	0	0
Licenses and Permits	146,250	0	0
Investment Earnings	202,500	0	163
Special Assessments	0	0	4,773
Gifts and Donations	115,165	0	0
Fines and Forfeitures	368,796	0	0
All Other Revenue	105,742	0	39,050
<b>Total Revenues</b>	<b>9,942,888</b>	<b>0</b>	<b>177,895</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	1,847,985	0	0
Public Health and Welfare	46,348	0	0
Leisure Time Activities	1,273,203	0	0
Community Environment	0	0	0
Transportation	0	0	0
General Government	3,897,454	0	0
Capital Outlay	0	0	1,352,405
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>7,064,990</b>	<b>0</b>	<b>1,352,405</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,877,898	0	(1,174,510)
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	0	1,815,650
Transfers Out	(2,442,991)	0	(82,525)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,442,991)</b>	<b>0</b>	<b>1,733,125</b>
Net Change in Fund Balance	434,907	0	558,615
<b>Fund Balance at Beginning of Year</b>	<b>9,422,685</b>	<b>0</b>	<b>2,587,831</b>
Increase in Inventory	0	0	0
<b>Fund Balance End of Year</b>	<b>\$ 9,857,592</b>	<b>\$ 0</b>	<b>\$ 3,146,446</b>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,402,934	\$ 9,566,305
820,696	1,486,787
86,525	395,407
0	146,250
64,159	266,822
0	4,773
0	115,165
124,362	493,158
130,924	275,716
2,629,600	12,750,383
1,505,629	3,353,614
0	46,348
0	1,273,203
113,980	113,980
1,081,287	1,081,287
228,599	4,126,053
0	1,352,405
109,000	109,000
16,249	16,249
3,054,744	11,472,139
(425,144)	1,278,244
635,000	2,450,650
(160,000)	(2,685,516)
475,000	(234,866)
49,856	1,043,378
6,308,432	18,318,948
1,242	1,242
\$ 6,359,530	\$ 19,363,568

**CITY OF BRYAN, OHIO**

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***Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended December 31, 2022***

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Net Change in Fund Balances - Total Governmental Funds \$ 1,043,378

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	1,604,887	
Depreciation Expense	(1,869,050)	(264,163)

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

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(54,230)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		626,665
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	611,918	
OPEB	7,058	618,976

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	(19,610)	
OPEB	356,920	337,310

The issuance of long-term debt (e.g. notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

General Obligation Bond Principal Payment		109,000
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**CITY OF BRYAN, OHIO**

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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 126

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

Compensated Absences	82,463	
Change in Inventory	1,242	83,705

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

27,755

***Change in Net Position of Governmental Activities***

\$ 2,528,522

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 987,625	\$ 1,141,780	\$ 1,116,333	\$ (25,447)
Intergovernmental Revenue	411,215	475,400	497,246	21,846
Charges for Services	264,751	306,075	316,302	10,227
Licenses and Permits	75,470	87,250	152,721	65,471
Investment Earnings	115,043	133,000	160,754	27,754
Gifts and Donations	113,020	130,661	115,165	(15,496)
Fines and Forfeitures	320,391	370,400	365,728	(4,672)
All Other Revenues	8,395	9,705	43,849	34,144
Total Revenues	<u>2,295,910</u>	<u>2,654,271</u>	<u>2,768,098</u>	<u>113,827</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,162,888	2,215,671	2,012,056	203,615
Public Health and Welfare	75,629	77,475	46,430	31,045
Leisure Time Activities	1,438,129	1,473,225	1,422,554	50,671
General Government	3,994,064	4,091,536	3,397,524	694,012
Total Expenditures	<u>7,670,710</u>	<u>7,857,907</u>	<u>6,878,564</u>	<u>979,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,374,800)	(5,203,636)	(4,110,466)	1,093,170
<b>Other Financing Sources (Uses):</b>				
Transfers In	3,300,000	3,300,000	3,500,000	200,000
Total Other Financing Sources (Uses):	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,500,000</u>	<u>200,000</u>
Net Change in Fund Balance	(2,074,800)	(1,903,636)	(610,466)	1,293,170
Fund Balance at Beginning of Year	2,392,824	2,392,824	2,392,824	0
Prior Year Encumbrances	375,757	375,757	375,757	0
Fund Balance at End of Year	<u>\$ 693,781</u>	<u>\$ 864,945</u>	<u>\$ 2,158,115</u>	<u>\$ 1,293,170</u>

See accompanying notes to the basic financial statements



**CITY OF BRYAN, OHIO**

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***Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – American Rescue Plan Act (ARPA) Fund  
For the Year Ended December 31, 2022***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 431,051	\$ 431,051	\$ 434,492	\$ 3,441
Total Revenues	<u>431,051</u>	<u>431,051</u>	<u>434,492</u>	<u>3,441</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	431,051	431,051	434,492	3,441
Fund Balance at Beginning of Year	<u>431,051</u>	<u>431,051</u>	<u>431,051</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 862,102</u></u>	<u><u>\$ 862,102</u></u>	<u><u>\$ 865,543</u></u>	<u><u>\$ 3,441</u></u>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<b>Assets:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,562,952	\$ 3,352,153	\$ 168,200
Accounts Receivable	401,618	305,410	17,721
Intergovernmental Receivable	0	276,044	0
Interest Receivable	11,805	6,902	531
Leases - Current	0	0	0
Inventory of Supplies at Cost	143,824	19,201	0
Prepaid Items	31,566	34,793	6,374
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	1,750	0
<b>Total Current Assets</b>	<u>4,151,765</u>	<u>3,996,253</u>	<u>192,826</u>
Noncurrent Assets:			
Investment in Joint Venture	0	0	0
Net OPEB Asset	170,123	90,013	54,733
Capital Assets, Net	8,755,397	16,772,843	277,088
<b>Total Noncurrent Assets</b>	<u>8,925,520</u>	<u>16,862,856</u>	<u>331,821</u>
<b>Total Assets</b>	<u>13,077,285</u>	<u>20,859,109</u>	<u>524,647</u>
<b>Deferred Outflows of Resources:</b>			
Pension	187,135	99,018	60,209
<b>Total Deferred Outflows of Resources</b>	<u>187,135</u>	<u>99,018</u>	<u>60,209</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	16,040	309,689	525
Accrued Wages and Benefits	11,632	9,215	80
Intergovernmental Payable	2,870	418	0
Claims Payable	0	0	0
Interfund Loans Payable	0	839,294	0
Unearned Revenue	0	0	0
Matured Bonds and Interest Payable	0	1,750	0
Accrued Interest Payable	13,157	0	0
Compensated Absences Payable - Current	41,378	35,865	4,644
Leases Payable - Current	0	0	0
OWDA Loans Payable - Current	61,432	207,389	0
<b>Total Current Liabilities</b>	<u>146,509</u>	<u>1,403,620</u>	<u>5,249</u>

**CITY OF BRYAN, OHIO**

Electric Operating	Communication Operations	Total	Governmental Activities - Internal Service Fund
\$ 15,476,090	\$ 1,973,772	\$ 24,533,167	\$ 1,974,130
3,107,516	113,388	3,945,653	0
0	0	276,044	0
48,383	6,232	73,853	6,233
0	23,305	23,305	0
1,323,387	0	1,486,412	0
318,590	11,892	403,215	0
0	0	1,750	0
<u>20,273,966</u>	<u>2,128,589</u>	<u>30,743,399</u>	<u>1,980,363</u>
649,172	0	649,172	0
458,712	50,489	824,070	0
24,515,120	2,146,705	52,467,153	0
<u>25,623,004</u>	<u>2,197,194</u>	<u>53,940,395</u>	<u>0</u>
<u>45,896,970</u>	<u>4,325,783</u>	<u>84,683,794</u>	<u>1,980,363</u>
549,519	55,540	951,421	0
<u>549,519</u>	<u>55,540</u>	<u>951,421</u>	<u>0</u>
655,840	14,636	996,730	0
41,883	9,657	72,467	0
58,142	35	61,465	0
0	0	0	216,494
0	0	839,294	0
0	56,662	56,662	0
0	0	1,750	0
11,171	0	24,328	0
218,576	33,418	333,881	0
0	9,328	9,328	0
0	0	268,821	0
<u>985,612</u>	<u>123,736</u>	<u>2,664,726</u>	<u>216,494</u>

(Continued)

**CITY OF BRYAN, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<b>Noncurrent Liabilities:</b>			
Revenue Bonds Payable	1,201,515	0	0
OWDA Loans Payable	206,587	1,015,840	0
Compensated Absences Payable	117,601	83,851	0
Net Pension Liability	450,112	238,159	144,816
Total Noncurrent Liabilities	1,975,815	1,337,850	144,816
<b>Total Liabilities</b>	2,122,324	2,741,470	150,065
<b>Deferred Inflows of Resources:</b>			
Leases	0	0	0
Pension	552,650	292,373	179,451
OPEB	180,820	95,648	59,297
<b>Total Deferred Inflows of Resources</b>	733,470	388,021	238,748
<b>Net Position:</b>			
Net Investment in Capital Assets	7,490,896	15,273,570	277,088
Unrestricted	2,917,730	2,555,066	(81,045)
<b>Total Net Position</b>	\$ 10,408,626	\$ 17,828,636	\$ 196,043

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

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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Electric Operating	Communication Operations	Total	Governmental Activities - Internal Service Fund
1,020,147	0	2,221,662	0
0	0	1,222,427	0
484,116	80,862	766,430	0
1,213,667	133,587	2,180,341	0
<u>2,717,930</u>	<u>214,449</u>	<u>6,390,860</u>	<u>0</u>
<u>3,703,542</u>	<u>338,185</u>	<u>9,055,586</u>	<u>216,494</u>
0	23,305	23,305	0
1,489,894	164,241	2,678,609	0
487,386	53,817	876,968	0
<u>1,977,280</u>	<u>241,363</u>	<u>3,578,882</u>	<u>0</u>
23,497,765	2,137,377	48,676,696	0
<u>17,267,902</u>	<u>1,664,398</u>	<u>24,324,051</u>	<u>1,763,869</u>
<u>\$ 40,765,667</u>	<u>\$ 3,801,775</u>	<u>\$ 73,000,747</u>	<u>\$ 1,763,869</u>
		483,865	
		<u>\$ 73,484,612</u>	

**CITY OF BRYAN, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Refuse Collection
<b>Operating Revenues:</b>			
Charges for Services	\$ 2,804,622	\$ 1,755,404	\$ 418,330
Other Operating Revenues	6,199	162,052	38,368
<b>Total Operating Revenues</b>	<u>2,810,821</u>	<u>1,917,456</u>	<u>456,698</u>
<b>Operating Expenses:</b>			
Personal Services	1,027,998	617,535	90,561
Contractual Services	634,176	269,407	278,514
Materials and Supplies	144,791	95,876	2,428
Health Insurance Claims	0	0	0
Depreciation	312,145	760,289	39,612
Other Operating Expenses	12,860	0	0
<b>Total Operating Expenses</b>	<u>2,131,970</u>	<u>1,743,107</u>	<u>411,115</u>
<b>Operating Income (Loss)</b>	678,851	174,349	45,583
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	62,475	31,699	3,290
Interest and Fiscal Charges	(35,805)	(42,931)	0
Income from Joint Venture	0	0	0
Loss on Disposal of Capital Assets	(20,412)	(12,104)	0
Other Local Taxes	0	0	0
Other Nonoperating Revenue	283,693	944	12,395
<b>Total Non-Operating Revenues (Expenses)</b>	<u>289,951</u>	<u>(22,392)</u>	<u>15,685</u>
<b>Income (Loss) Before Transfers and Contributions</b>	968,802	151,957	61,268
<b>Transfers and Contributions:</b>			
Transfers In	50,000	184,866	0
Capital Contributions	245,228	1,668,532	0
<b>Total Transfers and Contributions</b>	<u>295,228</u>	<u>1,853,398</u>	<u>0</u>
<b>Change in Net Position</b>	1,264,030	2,005,355	61,268
<b>Net Position Beginning of Year</b>	9,144,596	15,823,281	134,775
<b>Net Position End of Year</b>	<u>\$ 10,408,626</u>	<u>\$ 17,828,636</u>	<u>\$ 196,043</u>

Change in Net Position - Total Enterprise Funds

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

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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Electric Operating	Communication Operations	Total	Governmental Activities - Internal Service Fund
\$ 19,516,012	\$ 1,205,679	\$ 25,700,047	\$ 3,587,743
302,254	823	509,696	0
<u>19,818,266</u>	<u>1,206,502</u>	<u>26,209,743</u>	<u>3,587,743</u>
2,839,984	278,756	4,854,834	0
12,517,697	1,033,193	14,732,987	0
297,665	37,411	578,171	0
0	0	0	3,584,861
1,175,442	282,064	2,569,552	0
125,194	1,915	139,969	0
<u>16,955,982</u>	<u>1,633,339</u>	<u>22,875,513</u>	<u>3,584,861</u>
2,862,284	(426,837)	3,334,230	2,882
222,290	29,542	349,296	26,266
(22,341)	0	(101,077)	0
48,872	0	48,872	0
(90,973)	(124,140)	(247,629)	0
66,385	0	66,385	0
713,797	58,676	1,069,505	0
<u>938,030</u>	<u>(35,922)</u>	<u>1,185,352</u>	<u>26,266</u>
3,800,314	(462,759)	4,519,582	29,148
0	0	234,866	0
0	0	1,913,760	0
<u>0</u>	<u>0</u>	<u>2,148,626</u>	<u>0</u>
3,800,314	(462,759)	6,668,208	29,148
36,965,353	4,264,534	66,332,539	1,734,721
<u>\$ 40,765,667</u>	<u>\$ 3,801,775</u>	<u>\$ 73,000,747</u>	<u>\$ 1,763,869</u>
		\$ 6,668,208	
		<u>1,393</u>	
		<u>\$ 6,669,601</u>	

**CITY OF BRYAN, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022**

	Business Type Activities			
	Enterprise Funds			
	Water	Sewer	Refuse Collection	Electric Operating
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$3,056,526	\$1,844,308	\$640,206	\$20,487,504
Cash Payments for Goods and Services	(796,465)	(373,790)	(285,829)	(13,772,629)
Cash Payments to Employees	(1,329,822)	(764,860)	(481,170)	(3,631,677)
Net Cash Provided (Used) by Operating Activities	<u>930,239</u>	<u>705,658</u>	<u>(126,793)</u>	<u>3,083,198</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Other Local Taxes	0	0	0	66,385
Transfers In from Other Funds	50,000	184,866	0	0
Advances In from Other Funds	0	839,294	0	0
Net Cash Provided by Noncapital Financing Activities	<u>50,000</u>	<u>1,024,160</u>	<u>0</u>	<u>66,385</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital Contributions	245,228	1,260,706	0	56,700
OWDA Loan Retirement	(86,517)	(242,889)	0	0
Lease Retirement	0	0	0	0
Interest and Fiscal Charges	(35,805)	(42,931)	0	(22,341)
Acquisition and Construction of Assets	(1,013,946)	(1,603,510)	(60,906)	(2,597,689)
Net Cash Used by Capital and Related Financing Activities	<u>(891,040)</u>	<u>(628,624)</u>	<u>(60,906)</u>	<u>(2,563,330)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	51,071	25,016	2,798	175,532
Net Cash Provided by Investing Activities	<u>51,071</u>	<u>25,016</u>	<u>2,798</u>	<u>175,532</u>
Net Increase (Decrease) in Cash and Cash Equivalents	140,270	1,126,210	(184,901)	761,785
Cash and Cash Equivalents at Beginning of Year	3,422,682	2,227,693	353,101	14,714,305
Cash and Cash Equivalents at End of Year	<u>\$3,562,952</u>	<u>\$3,353,903</u>	<u>\$168,200</u>	<u>\$15,476,090</u>
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Statement of Net Position:</u>				
Cash and Cash Equivalents	\$3,562,952	\$3,352,153	\$168,200	\$15,476,090
Cash with Fiscal Agent	0	1,750	0	0
Cash and Cash Equivalents at End of Year	<u>\$3,562,952</u>	<u>\$3,353,903</u>	<u>\$168,200</u>	<u>\$15,476,090</u>



**CITY OF BRYAN, OHIO**

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Communication Operations	Total	Governmental- Activities Internal Service Fund
\$1,411,794	\$27,440,338	\$3,587,743
(1,185,813)	(16,414,526)	(3,479,624)
(401,448)	(6,608,977)	0
(175,467)	4,416,835	108,119
0	66,385	0
0	234,866	0
0	839,294	0
0	1,140,545	0
0	1,562,634	0
0	(329,406)	0
(9,052)	(9,052)	0
0	(101,077)	0
(45,755)	(5,321,806)	0
(54,807)	(4,198,707)	0
23,553	277,970	20,239
23,553	277,970	20,239
(206,721)	1,636,643	128,358
2,180,493	22,898,274	1,845,772
\$1,973,772	\$24,534,917	\$1,974,130
\$1,973,772	\$24,533,167	\$1,974,130
0	1,750	0
\$1,973,772	\$24,534,917	\$1,974,130

(Continued)

**CITY OF BRYAN, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2022**

	Business Type Activities			
	Enterprise Funds			
	Water	Sewer	Refuse Collection	Electric Operating
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$678,851	\$174,349	\$45,583	\$2,862,284
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	312,145	760,289	39,612	1,175,442
Non-Operating Revenue	284,603	1,375	17,635	194,597
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:				
(Increase) Decrease in Accounts Receivable	(38,898)	(74,523)	165,873	(173,662)
(Increase) Decrease in Inventory	384	(4,869)	0	(61,815)
(Increase) Decrease in Prepaids	(4,751)	(7,139)	7,116	33,294
Increase in Net OPEB Asset	(75,799)	(40,577)	(3,405)	(207,593)
(Increase) Decrease in Deferred Outflows of Resources	(26,450)	(15,252)	26,476	(123,700)
Increase (Decrease) in Accounts Payable	(353)	2,836	(4,598)	(158,168)
Increase (Decrease) in Accrued Wages and Benefits	1,534	598	(6,866)	4,275
Increase in Claims Payable	0	0	0	0
Increase (Decrease) in Intergovernmental Payable	431	112	(7,405)	(1,324)
Increase (Decrease) in Compensated Absences	(1,122)	7,604	(37,263)	33,057
Decrease in Net Pension Liability	(290,862)	(150,194)	(258,415)	(759,045)
Increase (Decrease) in Deferred Inflows of Resources	90,526	51,049	(111,136)	265,556
Total Adjustments	251,388	531,309	(172,376)	220,914
Net Cash Provided (Used) by Operating Activities	<u>\$930,239</u>	<u>\$705,658</u>	<u>(\$126,793)</u>	<u>\$3,083,198</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

During 2022 the Sewer Fund received capital contributions from Governmental Funds in the amount of \$131,782.

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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Communication Operations	Total	Governmental- Activities Internal Service Fund
(\$426,837)	\$3,334,230	\$2,882
282,064	2,569,552	0
2,385	500,595	0
202,907	81,697	0
0	(66,300)	0
(687)	27,833	0
(19,656)	(347,030)	0
(2,989)	(141,915)	0
(98,916)	(259,199)	0
2,034	1,575	0
0	0	105,237
(13,720)	(21,906)	0
(1,319)	957	0
(108,624)	(1,567,140)	0
7,891	303,886	0
251,370	1,082,605	105,237
(\$175,467)	\$4,416,835	\$108,119

**CITY OF BRYAN, OHIO**

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***Statement of Net Position  
Fiduciary Fund  
December 31, 2022***

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	<u>Custodial Fund</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 12,427
<b>Total Assets</b>	<u>12,427</u>
<b>Liabilities:</b>	
Due to Others	<u>12,427</u>
<b>Total Liabilities</b>	<u>12,427</u>
<b>Net Position:</b>	
<b>Total Net Position</b>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**CITY OF BRYAN, OHIO**

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***Statement of Changes in Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2022***

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	<u>Custodial Fund</u>
<b>Additions:</b>	
Fines and Forfeiture Collections for other Governments	\$ 996,311
Total Additions	<u>996,311</u>
<b>Deductions:</b>	
Distribution of Fines and Forfeitures to other Governments	996,311
Total Deductions	<u>996,311</u>
Change in Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	<u>\$ 0</u>

See accompanying notes to the basic financial statements

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements are presented as of December 31, 2022 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

#### **A. Reporting Entity**

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

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

#### **1. Joint Ventures with Equity Interest:**

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

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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

##### **A. Reporting Entity (Continued)**

###### **1. Joint Ventures with Equity Interest: (Continued)**

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

###### **2. Joint Venture without Equity Interest:**

*Multi-Area Narcotics Task Force* - The City of Bryan is a member of a drug task force which is a joint venture between Defiance, Paulding, and Putnam Counties and the Cities of Defiance and Bryan. The purpose of the drug task force is to act as a joint task force in the fight against narcotics.

###### **3. Jointly Governed Organizations:**

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

*American Municipal Power, Inc (AMP)* – AMP is an Ohio not for profit corporation organized to provide electric capacity and energy and to furnish other services to its members. AMP is a membership organization comprised of 135 members throughout nine states. AMP purchases and generates electric capacity and energy for sale to its members.

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

##### **B. Basis of Presentation - Fund Accounting**

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

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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

##### **B. Basis of Presentation - Fund Accounting** (Continued)

###### ***Governmental Funds***

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

The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

American Rescue Plan Act (ARPA) Fund - This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act. The funds are to be used to support the response and recovery from the COVID-19 public health emergency.

Capital Improvement Fund – This fund is used to account for financial resources used for capital purchases and capital projects undertaken by the City.

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## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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

##### **B. Basis of Presentation - Fund Accounting** (Continued)

###### ***Proprietary Funds***

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

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

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

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

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

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

Communication Operations Fund – This fund is used to account for the City's cable television and internet services.

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

***Fiduciary Funds*** - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary fund is a custodial fund. This fund is used to account for the collection and distribution of municipal court fines and forfeitures.

##### **C. Basis of Presentation – Financial Statements**

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

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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

##### **C. Basis of Presentation – Financial Statements** (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

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

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

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

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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

##### **D. Basis of Accounting**

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Property taxes measurable as of December 31, 2022 but which are not intended to finance 2022 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 4.

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

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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

##### **E. Budgetary Process**

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

All funds other than custodial funds are legally required to be budgeted and appropriated; however, only the General and Major Special Revenue funds are required to be reported. The legal level of budgetary control is at the fund, department and object level. Budgetary modifications may only be made by ordinance of the City Council.

##### **1. Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2022.

##### **2. Appropriations**

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

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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

##### **E. Budgetary Process** (Continued)

##### 2. Appropriations (Continued)

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

##### 3. Lapsing of Appropriations

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

##### 4. Encumbrances

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

##### 5. Budgetary Basis of Accounting

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

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting (Continued)**

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

	Net Change in Fund Balance	
	General Fund	ARPA Fund
GAAP Basis (as reported)	\$434,907	\$0
Increase (Decrease):		
Accrued Revenues at December 31, 2022 received during 2023	(1,386,594)	0
Accrued Revenues at December 31, 2021 received during 2022	1,470,711	0
Accrued Expenditures at December 31, 2022 paid during 2023	213,679	865,543
Accrued Expenditures at December 31, 2021 paid during 2022	(166,524)	(431,051)
2021 Prepays for 2022	63,692	0
2022 Prepays for 2023	(73,760)	0
Outstanding Encumbrances	(453,377)	0
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(713,200)	0
Budget Basis	(\$610,466)	\$434,492

**F. Cash and Cash Equivalents**

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

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' share of equity in STAR Ohio is considered to be cash equivalents. See Note 3, "Cash, Cash Equivalents and Investments."

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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

##### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 3, "Cash, Cash Equivalents and Investments." Investment earnings of \$65,483 earned by other funds were credited to the general fund as required by local statute.

The City's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

##### **H. Inventory**

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

##### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**J. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

**1. Property, Plant and Equipment - Governmental Activities**

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

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

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

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

**3. Depreciation**

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

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	20 - 40
Improvements other than Buildings	50
Infrastructure	15-75
Machinery and Equipment	5 - 20



**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Police and Fire Building Debt Retirement Fund
Revenue Bonds	Water Fund, Electric Operating Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund, Fire Department Fund, Refuse Collection Fund, Water Fund, Sewer Fund, Electric Fund, Communication Operations Fund
Ohio Water Development Authority Loans Payable	Water Fund, Sewer Fund
Leases	Communication Operations Fund

**L. Compensated Absences**

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

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

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

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

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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

##### **M. Net Position**

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

##### **N. Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts. The City has no fund balances reported as committed at December 31, 2022.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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

##### **O. Pension/OPEB**

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

##### **P. Interfund Activity**

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

##### **Q. Restricted Assets**

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets in the financial statements because their use is limited for debt service payments.

##### **R. Operating Revenues and Expenses**

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

##### **S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items to report during 2022.

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**T. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the City, deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

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**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

**NOTE 2 – FUND BALANCE CLASSIFICATION**

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

Fund Balances	General Fund	ARPA Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Loans Receivable	\$0	\$0	\$0	\$749,568	\$749,568
Prepaid Items	73,760	0	0	43,671	117,431
Supplies Inventory	0	0	0	79,571	79,571
Unclaimed Funds	22,757	0	0	0	22,757
Total Nonspendable	<u>96,517</u>	<u>0</u>	<u>0</u>	<u>872,810</u>	<u>969,327</u>
Restricted:					
Street Improvements	0	0	0	1,252,687	1,252,687
Court Computer Improvements	0	0	0	188,992	188,992
Community Development and Improvement	0	0	0	381,810	381,810
Pollution Remediation	0	0	0	55,000	55,000
Drug and Alcohol Treatment and Education	0	0	0	404,319	404,319
Court Special Projects	0	0	0	374,477	374,477
Adult Probation Program	0	0	0	179,151	179,151
Law Enforcement	0	0	0	11,984	11,984
Railroad Crossing Improvement	0	0	0	1,000	1,000
Fire Department Operations	0	0	0	1,862,941	1,862,941
Fire Vehicle Purchase	0	0	0	666,964	666,964
Debt Service Payments	0	0	0	86,237	86,237
Capital Acquisition and Construction	0	0	3,146,446	21,158	3,167,604
Total Restricted	<u>0</u>	<u>0</u>	<u>3,146,446</u>	<u>5,486,720</u>	<u>8,633,166</u>
Assigned:					
Budget Resource	3,689,929	0	0	0	3,689,929
Supplies and Services	446,107	0	0	0	446,107
Total Assigned	<u>4,136,036</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,136,036</u>
Unassigned:					
	<u>5,625,039</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,625,039</u>
Total Fund Balances	<u>\$9,857,592</u>	<u>\$0</u>	<u>\$3,146,446</u>	<u>\$6,359,530</u>	<u>\$19,363,568</u>

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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#### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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).

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City’s deposits was \$21,409,168 and the bank balance was \$22,334,628. Federal depository insurance covered \$823,740 of the bank balance and \$21,510,888 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City’s name and securities held in the Ohio Pooled Collateral System.

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

**B. Investments**

The City's investments at December 31, 2022 are summarized below:

	<u>Fair Value</u> <sup>2</sup>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	\$22,056,123	AAAm <sup>1</sup>	\$22,056,123	\$0	\$0
Total Investments	<u>\$22,056,123</u>		<u>\$22,056,123</u>	<u>\$0</u>	<u>\$0</u>

<sup>1</sup> Standard & Poor’s

<sup>2</sup> Reported at amortized cost

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

**B. Investments** (Continued)

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

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee and ORC 135.14(E) which requires that securities subject to repurchase be delivered to the government or the government’s agent.

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

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$43,468,561	\$0
Less: Petty Cash	(3,270)	
Investments:		
STAR Ohio	(22,056,123)	22,056,123
Per GASB Statement No. 3	\$21,409,168	\$22,056,123



## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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#### **NOTE 4 - TAXES**

##### **A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2022 were levied after October 1, 2021 on assessed values as of January 1, 2021, the lien date. Assessed values are 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 are made in the third year following reappraisal. The last reappraisal was completed in 2018. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 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, 2022 was \$2.80 per \$1,000 of assessed value. The assessed value upon which the 2022 levy was based was \$188,532,970. This amount constitutes \$186,700,290 in real property assessed value and \$1,832,680 in public utility assessed value.

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

##### **B. Income Tax**

The City levies a tax of 1.8% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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.

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 5 – INTERFUND ACTIVITY**

**A. Interfund Loans**

Individual interfund balances at December 31, 2022 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
Capital Improvement Fund	\$839,294	\$0
Sewer Fund	0	839,294
Totals	\$839,294	\$839,294

**B. Transfers**

Following is a summary of transfers in and out for all funds for 2022:

Fund	Transfer In	Transfer Out
Governmental Funds		
General Fund	\$0	\$2,442,991
Capital Improvement Fund	1,815,650	82,525
Other Governmental Funds	635,000	160,000
Total Governmental Funds	2,450,650	2,685,516
Proprietary Funds		
Water Fund	50,000	0
Sewer Fund	184,866	0
Total Proprietary Funds	234,866	0
Totals	\$2,685,516	\$2,685,516

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

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2022 consisted of taxes, accounts, loans, leases, interest, and intergovernmental receivables arising from shared revenues.

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 7 – TAX ABATEMENTS**

The City provides tax incentives under two (2) programs. The Community Reinvestment Area (CRA) and the Economic Development Job Creation and Retention Program.

***Real Estate Tax Abatement***

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas.

The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Below is the information relevant to the disclosure of this program for the year ending December 31, 2022.

<u>Tax Abatement Program</u>	<u>Total Amount of Taxes Abated For the year 2022</u>
<i>Community Reinvestment Area (CRA)</i>	
Manufacturing/Retail	\$7,367
	<u>\$7,367</u>

***Income Tax Abatement Program***

The City created the Bryan Municipal Job Creation Income Tax Incentive Program in 2007. The purpose of the program is to maintain the City’s competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code 718 and the applicable City ordinance, the City provides an incentive to the company based upon the company’s gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as a refund based upon the company’s payroll taxes. Also, the time period of the incentive in years, is determined by how many new jobs are created by the company. The tax abatement incentive to a new business or expanding business with new payroll of a minimum of \$200,000 is at a percentage up to 50% of income tax paid on new payroll for a period of 3 to 10 years. There is one business with an active tax abatement agreement in place; however, no taxes were abated in 2022.

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2022:

**Historical Cost:**

Class	December 31, 2021	Additions	Deletions	December 31, 2022
<b>Capital assets not being depreciated:</b>				
Land	\$5,090,301	\$43,000	\$0	\$5,133,301
Construction in Progress	447,726	251,869	(427,757)	271,838
Subtotal	5,538,027	294,869	(427,757)	5,405,139
<b>Capital assets being depreciated:</b>				
Buildings	19,296,051	0	0	19,296,051
Improvements Other than Buildings	4,743,715	445,234	(68,504)	5,120,445
Infrastructure	21,724,960	1,020,172	(128,923)	22,616,209
Machinery and Equipment	7,941,188	272,369	(199,424)	8,014,133
Total Cost	<u>\$59,243,941</u>	<u>\$2,032,644</u>	<u>(\$824,608)</u>	<u>\$60,451,977</u>

**Accumulated Depreciation:**

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Buildings	(\$8,061,277)	(\$454,301)	\$0	(\$8,515,578)
Improvements Other than Buildings	(2,937,186)	(181,609)	68,504	(3,050,291)
Infrastructure	(11,068,879)	(878,935)	113,929	(11,833,885)
Machinery and Equipment	(5,256,295)	(354,205)	160,188	(5,450,312)
Total Accumulated Depreciation	<u>(\$27,323,637)</u>	<u>(\$1,869,050) *</u>	<u>\$342,621</u>	<u>(\$28,850,066)</u>
<b>Net Value:</b>	<u>\$31,920,304</u>			<u>\$31,601,911</u>

\* Depreciation was charged to governmental functions as follows:

Security of Persons and Property	\$385,505
Public Health and Welfare	4,511
Leisure Time Activities	196,274
Transportation	1,007,523
General Government	275,237
Total Depreciation Expense	<u>\$1,869,050</u>

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

**NOTE 8 - CAPITAL ASSETS (Continued)**

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

Summary by Category at December 31, 2022:

<i>Historical Cost:</i>	Restated December 31, 2021	Additions	Deletions	December 31, 2022
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$2,379,327	\$0	(\$26,122)	\$2,353,205
Construction in Progress	2,335,577	3,797,130	(1,579,062)	4,553,645
Subtotal	4,714,904	3,797,130	(1,605,184)	6,906,850
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	22,476,814	22,885	(98,131)	22,401,568
Infrastructure	42,684,811	1,003,603	(351,706)	43,336,708
Leased Infrastructure	43,964	0	0	43,964
Machinery and Equipment	51,759,076	2,503,615	(1,723,884)	52,538,807
Total Cost	<u>\$121,679,569</u>	<u>\$7,327,233</u>	<u>(\$3,778,905)</u>	<u>\$125,227,897</u>
<i>Accumulated Depreciation:</i>				
Class	December 31, 2021	Additions	Deletions	December 31, 2022
Buildings and Improvements	(\$11,451,839)	(\$653,885)	\$38,143	(\$12,067,581)
Infrastructure	(17,956,143)	(1,095,396)	311,530	(18,740,009)
Leased Infrastructure	(25,584)	(9,052)	0	(34,636)
Machinery and Equipment	(42,709,840)	(811,219)	1,602,541	(41,918,518)
Total Accumulated Depreciation	<u>(\$72,143,406)</u>	<u>(\$2,569,552)</u>	<u>\$1,952,214</u>	<u>(\$72,760,744)</u>
<i>Net Value:</i>	<u>\$49,536,163</u>			<u>\$52,467,153</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member’s FAS for the first 30 years of service.

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member’s FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS’s Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
<b>2022 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2022 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$846,851 for 2022.



## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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#### **NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### ***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

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

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

	Police	Firefighters
<b>2022 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
<b>2022 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$287,744 for 2022.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$3,532,624	\$3,110,932	\$6,643,556
Proportion of the Net Pension Liability-2022	0.040603%	0.049796%	
Proportion of the Net Pension Liability-2021	0.039546%	0.047588%	
Percentage Change	0.001057%	0.002208%	
Pension Expense	(\$555,481)	\$63,776	(\$491,705)

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$441,757	\$568,543	\$1,010,300
Differences between expected and actual experience	180,092	89,701	269,793
Change in proportionate share	95,004	243,304	338,308
City contributions subsequent to the measurement date	846,851	287,744	1,134,595
Total Deferred Outflows of Resources	<u>\$1,563,704</u>	<u>\$1,189,292</u>	<u>\$2,752,996</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$4,201,931	\$815,638	\$5,017,569
Differences between expected and actual experience	77,480	161,726	239,206
Change in proportionate share	58,368	469,158	527,526
Total Deferred Inflows of Resources	<u>\$4,337,779</u>	<u>\$1,446,522</u>	<u>\$5,784,301</u>

\$1,134,595 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$546,371)	(\$108,476)	(\$654,847)
2024	(1,418,090)	(308,943)	(1,727,033)
2025	(988,044)	(139,730)	(1,127,774)
2026	(668,421)	(66,608)	(735,029)
2027	0	78,783	78,783
Total	<u>(\$3,620,926)</u>	<u>(\$544,974)</u>	<u>(\$4,165,900)</u>

**Actuarial Assumptions - OPERS**

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

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 and December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2020
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	<u>100.00 %</u>	4.21 %

**Discount Rate** The discount rate used to measure the total pension liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability	\$9,313,922	\$3,532,624	(\$1,278,182)

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, compared with January 1, 2020, are presented below.

	January 1, 2021	January 1, 2020
Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2021 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2021 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

## CITY OF BRYAN, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

#### NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	125.00 %	

\* levered 2.5x

Note: Assumptions are geometric

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

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

***Discount Rate*** For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2020 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$4,613,473	\$3,110,932	\$1,859,692

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 10 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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#### **NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

##### ***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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#### **NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2022.

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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#### **NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

##### ***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$7,058 for 2022.

***OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$1,335,170)	\$545,802	(\$789,368)
Proportion of the Net OPEB Liability (Asset)-2022	0.042628%	0.049796%	
Proportion of the Net OPEB Liability (Asset)-2021	<u>0.041841%</u>	<u>0.047588%</u>	
Percentage Change	<u>0.000787%</u>	<u>0.002208%</u>	
OPEB Expense	(\$1,157,882)	\$59,172	(\$1,098,710)

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

**NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$0	\$241,587	\$241,587
Differences between expected and actual experience	0	24,828	24,828
Change in proportionate share	0	97,125	97,125
City contributions subsequent to the measurement date	0	7,058	7,058
<b>Total Deferred Outflows of Resources</b>	<b><u>\$0</u></b>	<b><u>\$370,598</u></b>	<b><u>\$370,598</u></b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	\$636,515	\$49,302	\$685,817
Changes in assumptions	540,462	63,390	603,852
Differences between expected and actual experience	202,525	72,137	274,662
Change in proportionate share	39,905	114,079	153,984
<b>Total Deferred Inflows of Resources</b>	<b><u>\$1,419,407</u></b>	<b><u>\$298,908</u></b>	<b><u>\$1,718,315</u></b>

\$7,058 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$893,056)	\$17,810	(\$875,246)
2024	(295,869)	10,492	(285,377)
2025	(139,076)	9,165	(129,911)
2026	(91,406)	3,384	(88,022)
2027	0	12,013	12,013
2028	0	7,499	7,499
2029	0	4,269	4,269
<b>Total</b>	<b><u>(\$1,419,407)</u></b>	<b><u>\$64,632</u></b>	<b><u>(\$1,354,775)</u></b>

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	1.84 percent
Prior measurement date	2.00 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Prior measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
<b>Total</b>	<b>100.00 %</b>	<b>3.45 %</b>

**Discount Rate** A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index").



**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2022**

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**NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$785,208)	(\$1,335,170)	(\$1,791,655)

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$1,349,602)	(\$1,335,170)	(\$1,318,058)

## CITY OF BRYAN, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

#### NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

##### *Actuarial Assumptions – OP&F*

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	2.84 percent	2.96 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

## *CITY OF BRYAN, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2022*

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#### **NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
<b>Total</b>	<b>125.00 %</b>	

\* levered 2.5x

Note: Assumptions are geometric

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

**Discount Rate** For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)**

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$686,085	\$545,802	\$430,488

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

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**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

Long-term debt and other long-term obligations of the City at December 31, 2022 follows:

Interest Rate	Purpose	Maturity Date	Restated Balance December 31, 2021	Additions	Deductions	Balance December 31, 2022	Amount Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
1.39%	Police and Fire Building Refunding	2031	\$1,169,000	\$0	(\$109,000)	\$1,060,000	\$111,000
	Compensated Absences		1,036,051	262,577	(383,624)	915,004	326,129
	Total Governmental Activities		2,205,051	262,577	(492,624)	1,975,004	437,129
<b>Business-Type Activities:</b>							
Revenue Bonds:							
2.19%	Electric Metering Infrastructure	2033	1,020,147	0	0	1,020,147	0
2.19%	Water Metering Infrastructure	2033	1,201,515	0	0	1,201,515	0
	Total Revenue Bonds		2,221,662	0	0	2,221,662	0
Ohio Water Development Authority Loans							
2.86%	Sanitary Sewer Overflow Elimination	2022	41,744	0	(41,744)	0	0
3.08%	Wastewater Treatment Improvements	2028	1,424,374	0	(201,145)	1,223,229	207,389
2.89%	S. Walnut and E. South St. Waterline	2023	80,422	0	(53,230)	27,192	27,192
2.84%	Townline Road Water Main	2029	274,114	0	(33,287)	240,827	34,240
	Total OWDA Loans		1,820,654	0	(329,406)	1,491,248	268,821
	Leases Payable	2023	18,380	0	(9,052)	9,328	9,328
	Compensated Absences		1,099,354	311,848	(310,891)	1,100,311	333,881
	Total Business-Type Activities		5,160,050	311,848	(649,349)	4,822,549	612,030
	Total Other Long-Term Obligations		\$7,365,101	\$574,425	(\$1,141,973)	\$6,797,553	\$1,049,159

The City issued general obligation bonds on September 29, 2011 in the amount of \$4,975,000 to construction, furnish and equip a public safety building for the City police and fire departments. The bonds were issued under the authority of Ohio Revised Code Chapter 133. The bond issue included serial and term bonds, in the amount of \$3,990,000 and \$985,000, respectively. The bonds were issued for a twenty year period, with final maturity during fiscal year 2031.

**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

The 2021 refunding bonds are term bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the authorizing legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 in the year and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2031	\$1,179,000

In June 2021 the City issued Electric Revenue Bonds and Water Revenue Bonds in the amount of \$1,020,147 and \$1,201,515, respectively. The bonds were issued to finance a portion of the costs of acquiring, equipping, and installation of an Advanced Metering Infrastructure system. The bonds carry an interest rate of 2.19% and mature in 2033.

The City has authorized an Ohio Water Development Authority loan in the amount of \$731,977 for a sanitary sewer overflow project. The loan has an interest rate of 2.86% and matured in 2022. The loan is being repaid from the Sewer Fund.

The City has authorized an Ohio Water Development Authority loan in the amount of \$255,148 for a waterline replacement at South Walnut Street and East South Street. The loan has an interest rate of 2.89% and matures in 2023. The loan is being repaid from the Water Fund.

The City has authorized an Ohio Water Development Authority loan in the amount of \$2,081,880 for wastewater treatment plant improvements. The interest rate on the loan is 3.08% per annum and matures in 2028. The loan is being repaid from the Sewer Fund.

The City has authorized an Ohio Water Development Authority loan in the amount of \$353,337 for a waterline replacement at Townline Road. The loan has an interest rate of 2.84% and matures in 2029. The loan is being repaid from the Water Fund.

**CITY OF BRYAN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

**A. Long-Term Funding Requirements**

Principal and interest requirements to retire debt outstanding at December 31, 2022 were as follows:

Years	General Obligation Bonds		OWDA Loans		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$111,000	\$14,733	\$268,821	\$43,081	\$0	\$48,654
2024	114,000	13,191	249,042	35,272	201,141	48,654
2025	115,000	11,605	256,686	27,628	205,546	44,250
2026	116,000	10,008	264,564	19,750	210,047	39,748
2027	116,000	8,396	272,686	11,628	214,647	35,148
2028-2032	488,000	17,030	179,449	3,544	1,145,839	103,135
2033-2034	0	0	0	0	244,442	5,353
Totals	<u>\$1,060,000</u>	<u>\$74,963</u>	<u>\$1,491,248</u>	<u>\$140,903</u>	<u>\$2,221,662</u>	<u>\$324,942</u>

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; health and dental.

The City established a Self-Insurance Fund (internal service fund) to account for and finance its health and dental uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$50,000 for health insurance claims per individual and \$1,000 for dental claims per individual. The plan is administered by a third party administrator, Medical Mutual of Ohio, which monitors all claim payments. The dental care program and vision care program (VSP) 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 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. Cyber security insurance is included as a separate policy. The City purchases commercial insurance for claims in excess of coverage provided by the departments for all risks of loss.

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

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



**CITY OF BRYAN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 12 - RISK MANAGEMENT (Continued)**

The claims liability of \$216,494 reported in the fund at December 31, 2022 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 2021 and 2022 were:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2021	\$253,950	3,538,788	(3,681,481)	\$111,257
2022	111,257	3,584,861	(3,479,624)	216,494

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## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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#### **NOTE 13 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION**

##### **A. Joint Ventures with an Equity Interest**

***Ohio Municipal Electric Generation Agency Joint Venture 4 (Omega JV-4)*** - The City is a participant with three subdivisions within the State of Ohio in a joint venture to link the electric systems of the participants and to provide electric transmission service to the city of Holiday City. The Omega JV-4 was created for that purpose. On dissolution of the joint venture, the net position of Omega JV-4 will be shared by the participants on a percentage basis. The Omega JV-4 is managed by AMP which acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. The City's net investment and its share of the operating results of Omega JV-4 are reported in the City's electric fund (an enterprise fund). The City's equity interest in Omega JV-4 was \$583,737 at December 31, 2022. Complete financial statements for OMEGA JV4 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

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

Pursuant to the OMEGA JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, the City has met their debt coverage obligation.

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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#### **NOTE 13 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (Continued)**

##### **A. Joint Ventures with an Equity Interest (Continued)**

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$65,435 at December 31, 2022. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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#### **NOTE 13 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (Continued)**

##### **B. Joint Venture without Equity Interest**

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

The main source of revenue for the Task Force is from federal grants and local matching shares by the entities. The City has an ongoing financial responsibility to the Task Force. The City has indirect access to the net resources of the Task Force since the City is able to influence the Task Force to use its surplus resources to undertake projects of interest to the City's residents. This access to the net resources of the Task Force has not been explicitly defined, nor is it currently measurable. The City contributed \$25,000 to the Task Force in 2022. 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 2022, the City paid administrative fees of \$16,222 to MVPO.

#### **NOTE 14 – PURCHASED POWER**

The City's electric distribution system during 2022 purchased wholesale electric power from American Municipal Power (AMP). AMP provides this power through a mixture of long term take or pay purchase contracts with the City. Included in these contracts with AMP are; the Prairie State Energy Campus Project (7.5 megawatts), generation started during 2012, Fremont Natural Gas Energy Center (5.285 megawatts), generation started in 2012, and the Ohio River Hydroelectric Project (4.109 megawatts), generation that started during Spring 2016. AMP provides the remaining power requirements with market based purchases from various sources including New York Power Authority, Blue Creek Wind Farm, and other pooled market sources.

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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#### **NOTE 15 – 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.

##### **A. American Municipal Power Generating Station (AMPGS)**

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 7,500 kilowatts of a total 771,281 kilowatts, giving the City a 0.97 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel.

As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share of the impaired costs at March 31, 2014 was \$1,284,827. The City received a credit of \$567,937 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$339,186 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). Additionally, the City made payments of \$727,097, leaving an estimated net credit balance of impaired costs of \$349,393. The City has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the City's credit balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the City's allocation of additional costs incurred by the project is \$16,168, and interest on the credit balance credited to the City has been \$54,589, resulting in a net credit balance at December 31, 2022 of \$387,814. The City does have a potential PHFU Liability of \$394,996 resulting in a net total potential liability of \$7,182, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 15 – CONTINGENCIES (Continued)**

**B. Litigation**

The City is defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, they believe the resolution of the matter will not materially adversely affect the City's financial condition.

**NOTE 16 – LEASES**

**A. Leases Receivable**

The City leases fiber optic cable as lessor. In 2022, \$23,685 was received in lease payments.

In January 2008, an agreement was made for a fifteen (15) year lease of fiber optic facilities between Bryan Municipal Utilities and Community Hospitals and Wellness Centers. An amount of \$425,000 was received prior to the commencement of the term and another payment of \$425,000 was made upon completion of the project. The lump sum of \$850,000 represents the net present value of a fifteen (15) year lease of the Community Hospital and Wellness Centers leased fibers.

Revenue from the lease agreement is being recognized as follows:

<u>Year Ending December 31,</u>	<u>Lease Revenue Recognition</u>
2023	<u>\$56,662</u>
Total	<u><u>\$56,662</u></u>

**B. Leases Payable**

The City leases fiber optic cable as lessee.

The following is a schedule of future lease payments as of December 31, 2022:

<u>Years</u>	<u>Lease Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$9,328</u>	<u>\$153</u>	<u>\$9,481</u>
Totals	<u><u>\$9,328</u></u>	<u><u>\$153</u></u>	<u><u>\$9,481</u></u>

**CITY OF BRYAN, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**NOTE 16 – LEASES (Continued)**

**B. Leases Payable (Continued)**

The Electric Fund leases the fiber-coax plant to the Communication Operations Fund, which uses part of this infrastructure to deliver its services. The Communication Operations Fund initially paid the Electric Fund \$9 per month for each internet customer and \$3 per month for each cable customer. Per Resolution No. 59, 2009, the Communications Department had a maximum term of 10 years for payment on the remainder of the lease.

Following an annual review, it was determined that the fiber-coax plant lease payment would be reduced in an effort to accelerate the payoff on the Communications loan from the Electric Department. Per Resolution No. 33, 2021, \$25,000 was budgeted for and paid in 2022. As of December 31, 2022 the balance due with interest remaining was \$244,037. The lease payment will be reviewed annually until the Electric Department is determined to be made whole at which time the lease will be terminated.

**NOTE 17 – SIGNIFICANT COMMITMENTS**

At December 31, 2022 the City had encumbrance commitments in the Governmental Funds as follows:

Fund	Encumbrances
General Fund	\$453,377
Capital Improvement Fund	664,691
Other Governmental Funds	491,852
Total Governmental Funds	\$1,609,920

The City had the following contractual commitments at December 31, 2022:

Project	Remaining Contractual Commitment	Expected Date of Completion
Amphitheater Sidewalk	\$60,018	2023
Burn Building	236,228	2023
Various Street Upgrades	47,426	2023
Western Bryan Sanitary Sewer Improvements	465,650	2023
Horton Heights Sewer Project	921,819	2023
69 kV Conversion Project	104,464	2023
Power Plant Substation	201,358	2023
Sewer Dewatering Improvements	112,249	2024
Sewer Secondary Improvement Program	350,000	2023
Water and Electric Meter Project	227,827	2023
	\$2,727,039	

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2022***

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#### **NOTE 18 - CONDUIT DEBT OBLIGATIONS**

The City has issued Revenue Bonds to provide financial assistance to the Community Hospitals and Wellness Centers. The monies are being used primarily for construction, renovation and improvements to these facilities. The City has no obligation for the repayment of this debt. The bonds are not bonded indebtedness of the City and are therefore not reported on the City's balance sheet. At December 31, 2022, the outstanding bonds have a principal amount payable of \$14,460,605.

#### **NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases," Statement No. 91, "Conduit Debt Obligations," Statement No. 92, "Omnibus 2020," and Statement No. 93, "Replacement of Interbank Offered Rates."

GASB Statement No. 87 establishes standards of accounting and financial reporting for leases.

GASB Statement No. 91 establishes a single method of reporting conduit debt obligations.

GASB Statement No. 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases.

The City recognized \$45,922 of leases receivable in the Communication Operations Fund (major enterprise fund) at January 1, 2022, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The City also recognized \$18,380 of leases payable in the Communication Operations Fund (major enterprise fund) at January 1, 2022; however, this entire amount was offset by an asset for leased infrastructure. This resulted in no effect on beginning net position/fund balance.

#### **NOTE 20 – SUBSEQUENT EVENTS**

On June 29, 2023 the Ohio Water Development Authority approved a \$1,433,980 loan with the City for wastewater treatment plant improvements. The loan has an interest rate of 0 percent and matures July 1, 2032.



*REQUIRED SUPPLEMENTARY INFORMATION*

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**CITY OF BRYAN, OHIO**

***Schedule of City's Proportionate Share of the Net Pension Liability  
Last Nine Years***

**Ohio Public Employees Retirement System**

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.040664%	0.040664%	0.040152%	0.039387%
City's proportionate share of the net pension liability (asset)	\$4,793,756	\$4,904,534	\$6,954,856	\$8,944,187
City's covered payroll	\$5,359,108	\$4,985,875	\$4,997,317	\$5,091,600
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.45%	98.37%	139.17%	175.67%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.059753%	0.059753%	0.062309%	0.056819%
City's proportionate share of the net pension liability (asset)	\$2,910,144	\$3,095,439	\$4,008,355	\$3,598,886
City's covered payroll	\$1,242,620	\$1,259,691	\$1,333,857	\$1,285,543
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	234.19%	245.73%	300.51%	279.95%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

See accompanying notes to the required supplementary information

**CITY OF BRYAN, OHIO**

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<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
0.040010%	0.039822%	0.040805%	0.039546%	0.040603%
\$6,276,848	\$10,906,435	\$8,065,383	\$5,855,901	\$3,532,624
\$5,287,400	\$5,462,614	\$5,741,150	\$5,561,943	\$5,892,643
118.71%	199.66%	140.48%	105.29%	59.95%
84.66%	74.70%	82.17%	86.88%	92.62%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
0.060995%	0.057041%	0.051905%	0.047588%	0.049796%
\$3,743,520	\$4,656,051	\$3,496,576	\$3,244,108	\$3,110,932
\$1,407,026	\$1,351,926	\$1,286,459	\$1,189,324	\$1,323,985
266.06%	344.40%	271.80%	272.77%	234.97%
70.91%	63.07%	69.89%	70.65%	75.03%

**CITY OF BRYAN, OHIO**

***Schedule of City Pension Contributions  
Last Ten Years***

**Ohio Public Employees Retirement System**

Year	2013	2014	2015	2016
Contractually required contribution	\$696,684	\$598,305	\$599,678	\$610,992
Contributions in relation to the contractually required contribution	<u>696,684</u>	<u>598,305</u>	<u>599,678</u>	<u>610,992</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$5,359,108	\$4,985,875	\$4,997,317	\$5,091,600
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015	2016
Contractually required contribution	\$193,816	\$249,681	\$267,305	\$258,267
Contributions in relation to the contractually required contribution	<u>193,816</u>	<u>249,681</u>	<u>267,305</u>	<u>258,267</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,242,620	\$1,259,691	\$1,333,857	\$1,285,543
Contributions as a percentage of covered payroll	15.60%	19.82%	20.04%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to the required supplementary information

**CITY OF BRYAN, OHIO**

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$687,362	\$764,766	\$803,761	\$778,672	\$824,970	\$846,851
<u>687,362</u>	<u>764,766</u>	<u>803,761</u>	<u>778,672</u>	<u>824,970</u>	<u>846,851</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,287,400	\$5,462,614	\$5,741,150	\$5,561,943	\$5,892,643	\$6,048,936
13.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$281,631	\$272,702	\$260,503	\$243,100	\$269,053	\$287,744
<u>281,631</u>	<u>272,702</u>	<u>260,503</u>	<u>243,100</u>	<u>269,053</u>	<u>287,744</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,407,026	\$1,351,926	\$1,286,459	\$1,189,324	\$1,323,985	\$1,411,544
20.02%	20.17%	20.25%	20.44%	20.32%	20.39%

**CITY OF BRYAN, OHIO**

***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset) Last Six Years***

**Ohio Public Employees Retirement System**

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.040872%	0.042221%	0.042205%
City's proportionate share of the net OPEB liability (asset)	\$4,128,206	\$4,584,879	\$5,502,535
City's covered payroll	\$5,091,600	\$5,287,400	\$5,462,614
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	81.08%	86.71%	100.73%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.056819%	0.060995%	0.057041%
City's proportionate share of the net OPEB liability (asset)	\$2,697,091	\$3,455,875	\$519,447
City's covered payroll	\$1,285,543	\$1,407,026	\$1,351,926
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.80%	245.62%	38.42%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability.

See accompanying notes to the required supplementary information

**CITY OF BRYAN, OHIO**

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<u>2020</u>	<u>2021</u>	<u>2022</u>
0.043060%	0.041841%	0.042628%
\$5,947,703	(\$745,433)	(\$1,335,170)
\$5,741,150	\$5,561,943	\$5,892,643
103.60%	(13.40%)	(22.66%)
47.80%	115.57%	128.23%

<u>2020</u>	<u>2021</u>	<u>2022</u>
0.051905%	0.047588%	0.049796%
\$512,702	\$504,202	\$545,802
\$1,286,459	\$1,189,324	\$1,323,985
39.85%	42.39%	41.22%
47.08%	45.42%	46.86%

**CITY OF BRYAN, OHIO**

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions  
Last Ten Years***

**Ohio Public Employees Retirement System**

Year	2013	2014	2015	2016
Contractually required contribution	\$53,591	\$99,718	\$99,946	\$101,832
Contributions in relation to the contractually required contribution	<u>53,591</u>	<u>99,718</u>	<u>99,946</u>	<u>101,832</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$5,359,108	\$4,985,875	\$4,997,317	\$5,091,600
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015	2016
Contractually required contribution	\$42,022	\$6,298	\$6,669	\$6,428
Contributions in relation to the contractually required contribution	<u>42,022</u>	<u>6,298</u>	<u>6,669</u>	<u>6,428</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,242,620	\$1,259,691	\$1,333,857	\$1,285,543
Contributions as a percentage of covered payroll	3.38%	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to the required supplementary information



**CITY OF BRYAN, OHIO**

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2017	2018	2019	2020	2021	2022
\$52,874	\$0	\$0	\$0	\$0	\$0
<u>52,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,287,400	\$5,462,614	\$5,741,150	\$5,561,943	\$5,892,643	\$6,048,936
1.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2017	2018	2019	2020	2021	2022
\$7,035	\$6,760	\$6,432	\$5,947	\$6,620	\$7,058
<u>7,035</u>	<u>6,760</u>	<u>6,432</u>	<u>5,947</u>	<u>6,620</u>	<u>7,058</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,407,026	\$1,351,926	\$1,286,459	\$1,189,324	\$1,323,985	\$1,411,544
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2022***

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#### **NET PENSION LIABILITY**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2022.

*Changes in assumptions:*

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

## **CITY OF BRYAN, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2022***

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#### **NET PENSION LIABILITY** (Continued)

#### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2022.

*Changes in assumptions:*

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

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## **CITY OF BRYAN, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2022***

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#### **NET OPEB LIABILITY (ASSET)**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the periods 2018-2021.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

*Changes in assumptions:*

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

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

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2022***

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#### **NET OPEB LIABILITY (ASSET)** (Continued)

##### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

###### *Changes in benefit terms:*

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2022: There were no changes in benefit terms.

###### *Changes in assumptions:*

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.

- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.

**CITY OF BRYAN  
WILLIAMS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TREASURY</b> <i>Passed Through Ohio Department of Development</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>\$ 1,260,706</u>
<b>Total U.S. Department of Treasury</b>		<u><b>1,260,706</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$ 1,260,706</b></u>

*The accompanying notes are an integral part of this schedule.*

**CITY OF BRYAN  
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Bryan, Williams County, Ohio (the City) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

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

The current cash balance on the City's local program income account as of December 31, 2022 is \$383,186.

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

City of Bryan  
Williams County  
1399 East High Street  
P.O. Box 190  
Bryan, Ohio 43506-0190

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bryan, Williams County, Ohio (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 26, 2023.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***City's Response to Finding***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2023

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

City of Bryan  
Williams County  
1399 East High Street  
P.O. Box 190  
Bryan, Ohio 43506-0190

To the City Council:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited the City of Bryan, Williams County, Ohio's, (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Bryan's major federal program for the year ended December 31, 2022. The City of Bryan's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Bryan complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

#### ***Basis for Opinion on the Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2023

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**CITY OF BRYAN  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**FINDING NUMBER 2022-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Original budgeted revenues were understated in the amount of \$431,051 on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Special Revenue Fund – American Rescue Plan Act (ARPA) Fund.

This error was not identified and corrected prior to the City preparing its financial statements due to deficiencies in the City's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to correct this error. Failing to prepare accurate financial statements could lead the City or financial statement users to make misinformed decisions. In addition to the adjustment noted above, we also identified additional misstatements ranging from \$5,361 to \$45,699 that we have brought to the City's attention.

The City should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Clerk-Treasurer and City Council, to help identify and correct errors and omissions.

**Officials' Response:**

See corrective action plan.

**3. FINDINGS FOR FEDERAL AWARDS**

None





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# CITY OF BRYAN, OHIO

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CLERK-TREASURER'S OFFICE

1399 East High Street P.O. Box 190 Zip 43506-0190

Phone 419 633-6020  
FAX 419 633-6025

## CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2022

**Finding Number:** 2022-001  
**Planned Corrective Action:** Management is aware of and understands the importance of the information presented on the financial statements and will ensure all monies be correctly reported on the financial statements.  
**Anticipated Completion Date:** December 31, 2023  
**Responsible Contact Person:** John Lehner, Clerk-Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF BRYAN**

**WILLIAMS COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/28/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)