



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**BROWN COUNTY  
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants .....	1
General-Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit - December 31, 1999 .....	4
Combined Statements of Revenues, Expenditures, and Changes In Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 1999 .....	8
Combined Statement of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types - For the Year Ended December 31, 1999 .....	10
Statement of Revenues, Expenses, and Changes In Retained Earnings - Enterprise Fund - Brown County General Hospital - For the Year Ended December 31, 1999 .....	12
Statement of Support and Revenues, Expenses, and Changes In Fund Balance - Discretely Presented Component Unit - For the Year Ended December 31, 1999 .....	13
Statement of Cash Flows - Enterprise Fund - Brown County General Hospital - For the Year Ended December 31, 1999 .....	14
Statement of Cash Flows - Discretely Presented Component Unit - For the Year Ended December 31, 1999 .....	15
Notes to the General-Purpose Financial Statements .....	49
Schedule of Federal Awards Expenditures - For the Year Ended December 31, 1999 .....	51
Notes to Schedule of Federal Awards Expenditures .....	52
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> . ....	53
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	55
Schedule of Findings .....	57
Schedule of Prior Audit Findings .....	61

**This page left blank intentionally.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Brown County  
800 Mt. Orab Pike  
Georgetown, Ohio 45121

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Brown County, Ohio (the County) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Brown County General Hospital - the Proprietary Fund Type. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for the Proprietary Fund Type, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type and discretely presented component unit for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2000, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management & Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

September 20, 2000

**This page left blank intentionally.**

**BROWN COUNTY**  
 Combined Balance Sheet  
 All Fund Types, Account Groups and Discretely Presented Component Unit  
 December 31, 1999

	<b>GOVERNMENTAL FUND TYPES</b>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<b><u>Assets and Other Debits</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,086,182	\$12,034,573	\$655,612	\$1,561,109
Cash and Cash Equivalents in Segregated Accounts	19,499	100,625	0	0
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	0	0	1,080
Investments in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	1,909,391	507,925	331,131	30,000
Accounts	36,553	52,506	0	0
Special Assessments	0	0	0	0
Interfund	10,327	0	0	0
Pledges	0	0	0	0
Accrued Interest	48,492	20,782	0	0
Due from Other Funds	11,385	16,761	0	0
Due from Other Governments	2,795	140,657	0	0
Materials and Supplies Inventory	14,064	161,348	0	1,072
Prepaid Items	55,159	6,657	0	0
Restricted Assets:				
Cash and Cash Equivalents Restricted for Plant				
Renewal and Replacement	0	0	0	0
Cash and Cash Equivalents Restricted for Debt Issuance	0	0	0	0
Investments Restricted for Debt Issuance	0	0	0	0
Cash and Cash Equivalents for Endowment Funds	0	0	0	0
Other Assets	0	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits</u></b>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$4,193,847</u></b>	<b><u>\$13,041,834</u></b>	<b><u>\$986,743</u></b>	<b><u>\$1,593,261</u></b>

See Accompanying Notes to the General Purpose Financial Statements



PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only) Primary Government	COMPONENT UNIT Grow, Inc.	Totals (Memorandum Only) Reporting Entity
		General Fixed Assets	General Long-Term Obligations			
<i>Enterprise</i>	<i>Agency</i>					
\$0	\$1,227,720	\$0	\$0	\$17,565,196	\$0	\$17,565,196
1,643,080	362,136	0	0	2,125,340	19,509	2,144,849
0	0	0	0	1,080	0	1,080
39,354	0	0	0	39,354	0	39,354
0	14,018,328	0	0	16,796,775	0	16,796,775
3,987,223	0	0	0	4,076,282	10,206	4,086,488
0	580,087	0	0	580,087	0	580,087
0	0	0	0	10,327	0	10,327
70,000	0	0	0	70,000	0	70,000
0	0	0	0	69,274	0	69,274
0	0	0	0	28,146	0	28,146
0	0	0	0	143,452	0	143,452
284,630	0	0	0	461,114	17,919	479,033
217,848	0	0	0	279,664	0	279,664
741,995	0	0	0	741,995	0	741,995
139,287	0	0	0	139,287	0	139,287
450,929	0	0	0	450,929	0	450,929
9,919	0	0	0	9,919	0	9,919
105,115	0	0	0	105,115	0	105,115
12,936,458	0	14,293,929	0	27,230,387	9,415	27,239,802
0	0	0	655,612	655,612	0	655,612
0	0	0	4,072,304	4,072,304	0	4,072,304
<u>\$20,625,838</u>	<u>\$16,188,271</u>	<u>\$14,293,929</u>	<u>\$4,727,916</u>	<u>\$75,651,639</u>	<u>\$57,049</u>	<u>\$75,708,688</u>

(continued)

**BROWN COUNTY**  
 Combined Balance Sheet  
 All Fund Types, Account Groups and Discretely Presented Component Unit  
 December 31, 1999  
 (Continued)

	<b>GOVERNMENTAL FUND TYPES</b>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<b><u>Liabilities, Fund Equity and Other Credits</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$52,654	\$430,593	\$0	\$0
Contracts Payable	0	0	0	16,468
Accrued Wages and Benefits	60,423	72,235	0	0
Compensated Absences Payable	7,090	6,002	0	0
Retainage Payable	0	0	0	3,592
Interfund Payable	0	10,327	0	0
Due to Other Funds	796	26,820	0	0
Due to Other Governments/Third-Party Payors	69,821	56,641	0	0
Deferred Revenue	1,751,827	461,007	331,131	0
Undistributed Monies	0	0	0	0
Deposits Held and Due to Others	52,831	4,726	0	0
Other Accrued Expenses	0	0	0	0
Capital Leases Payable	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Forgivable Debt Payable	0	0	0	0
Mortgage Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>1,995,442</u>	<u>1,068,351</u>	<u>331,131</u>	<u>20,060</u>
<b><u>Fund Equity and Other Credits</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved:				
Reserved for Future Debt Service	0	0	0	0
Reserved for Plant Renewal and Replacement	0	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Specific Purpose	0	0	0	0
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	333,340	624,715	0	211,710
Reserved for Inventory	14,064	161,348	0	1,072
Unreserved:				
Designated:				
Designated:				
Undesignated	1,851,001	11,187,420	655,612	1,360,419
Total Fund Equity and Other Credits	<u>2,198,405</u>	<u>11,973,483</u>	<u>655,612</u>	<u>1,573,201</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$4,193,847</u>	<u>\$13,041,834</u>	<u>\$986,743</u>	<u>\$1,593,261</u>

See Accompanying Notes to the General Purpose Financial Statements

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only) Primary Government	COMPONENT UNIT Grow, Inc.	Totals (Memorandum Only) Reporting Entity
		General Fixed Assets	General Long-Term Obligations			
Enterprise	Agency					
\$606,423	\$0	\$0	\$0	\$1,089,670	\$6,005	\$1,095,675
0	0	0	0	16,468	0	16,468
556,006	0	0	0	688,664	4,448	693,112
751,445	0	0	496,675	1,261,212	0	1,261,212
0	0	0	0	3,592	0	3,592
0	0	0	0	10,327	0	10,327
0	530	0	0	28,146	0	28,146
264,133	15,510,326	0	241,548	16,142,469	0	16,142,469
0	0	0	0	2,543,965	0	2,543,965
0	617,073	0	0	617,073	0	617,073
0	60,342	0	0	117,899	0	117,899
189,676	0	0	0	189,676	0	189,676
308,771	0	0	0	308,771	5,735	314,506
3,145,000	0	0	0	3,145,000	0	3,145,000
0	0	0	307,708	307,708	0	307,708
0	0	0	66,985	66,985	0	66,985
0	0	0	3,615,000	3,615,000	0	3,615,000
5,821,454	16,188,271	0	4,727,916	30,152,625	16,188	\$30,168,813
0	0	14,293,929	0	14,293,929	0	14,293,929
0	0	0	0	0	0	0
590,216	0	0	0	590,216	0	590,216
741,995	0	0	0	741,995	0	741,995
9,919	0	0	0	9,919	0	9,919
3,132	0	0	0	3,132	0	3,132
13,459,122	0	0	0	13,459,122	0	13,459,122
0	0	0	0	1,169,765	0	1,169,765
0	0	0	0	176,484	0	176,484
0	0	0	0	15,054,452	40,861	15,095,313
14,804,384	0	14,293,929	0	45,499,014	40,861	45,539,875
\$20,625,838	\$16,188,271	\$14,293,929	\$4,727,916	\$75,651,639	\$57,049	\$75,708,688

**BROWN COUNTY**  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balances  
 All Governmental Fund Types  
 For the Year Ended December 31, 1999

	<b>Governmental Fund Types</b>				<i>Totals (Memorandum Only)</i>
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	
<b><u>Revenues:</u></b>					
Property Taxes	\$1,607,703	\$420,689	\$287,888	\$0	\$2,316,280
Permissive Sales Tax	1,909,448	507,179	0	30,000	2,446,627
Charges for Services	1,302,815	1,179,646	0	0	2,482,461
Licenses and Permits	5,503	0	0	0	5,503
Fines and Forfeitures	304,661	43,829	0	0	348,490
Intergovernmental	681,190	10,286,500	89,618	132,190	11,189,498
Interest	584,098	266,417	0	0	850,515
Other	168,317	248,807	28,524	0	445,648
<b>Total Revenues</b>	<b>6,563,735</b>	<b>12,953,067</b>	<b>406,030</b>	<b>162,190</b>	<b>20,085,022</b>
<b><u>Expenditures:</u></b>					
Current:					
General Government:					
Legislative and Executive	3,428,478	360,902	0	0	3,789,380
Judicial	924,807	321,758	0	0	1,246,565
Public Safety	1,419,895	571,948	0	0	1,991,843
Public Works	207,267	2,788,172	0	0	2,995,439
Health	35,480	3,438,257	0	0	3,473,737
Human Services	123,445	4,043,537	0	0	4,166,982
Economic Development and Assistance	0	173,882	0	0	173,882
Capital Outlay	0	0	0	50,711	50,711
Debt Service:					
Principal Retirement	0	0	248,750	0	248,750
Interest and Fiscal Charges	0	0	244,838	0	244,838
<b>Total Expenditures</b>	<b>6,139,372</b>	<b>11,698,456</b>	<b>493,588</b>	<b>50,711</b>	<b>18,382,127</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>424,363</b>	<b>1,254,611</b>	<b>(87,558)</b>	<b>111,479</b>	<b>1,702,895</b>
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds from Sale of Fixed Assets	0	12,698	0	0	12,698
Operating Transfers - In	0	282,541	0	1,392,490	1,675,031
Operating Transfers - Out	(1,200,419)	(22,122)	0	(452,490)	(1,675,031)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,200,419)</b>	<b>273,117</b>	<b>0</b>	<b>940,000</b>	<b>12,698</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(776,056)</b>	<b>1,527,728</b>	<b>(87,558)</b>	<b>1,051,479</b>	<b>1,715,593</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,976,213</b>	<b>10,489,586</b>	<b>743,170</b>	<b>521,693</b>	<b>14,730,662</b>
<b>Increase (Decrease) in Reserve For Inventory</b>	<b>(1,752)</b>	<b>(43,831)</b>	<b>0</b>	<b>29</b>	<b>(45,554)</b>
<b>Fund Balances at End of Year</b>	<b>\$2,198,405</b>	<b>\$11,973,483</b>	<b>\$655,612</b>	<b>\$1,573,201</b>	<b>\$16,400,701</b>

See Accompanying Notes to the General Purpose Financial Statements

**This page left blank intentionally.**

**BROWN COUNTY**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$1,480,000	\$1,607,703	\$127,703	\$405,000	\$420,689	\$15,689
Permissive Sales Tax	1,900,000	1,901,553	1,553	415,000	497,676	82,676
Charges for Services	1,432,000	1,339,309	(92,691)	1,133,138	1,121,045	(12,093)
Licenses and Permits	6,125	5,503	(622)	0	0	0
Fines and Forfeitures	301,000	292,298	(8,702)	46,642	55,822	9,180
Intergovernmental	812,975	688,075	(124,900)	10,212,007	10,383,559	171,552
Interest	720,000	618,889	(101,111)	150,000	270,556	120,556
Other	218,747	170,744	(48,003)	417,349	248,961	(168,388)
<b>Total Revenues</b>	<b>6,870,847</b>	<b>6,624,074</b>	<b>(246,773)</b>	<b>12,779,136</b>	<b>12,998,308</b>	<b>219,172</b>
<b>Expenditures:</b>						
Current:						
General Government:						
Legislative and Executive	4,668,280	3,782,189	886,091	480,027	426,268	53,759
Judicial	934,099	934,099	0	493,920	324,600	169,320
Public Safety	1,865,701	1,522,763	342,938	580,878	491,282	89,596
Public Works	247,739	237,264	10,475	4,258,101	3,095,213	1,162,888
Health	39,798	36,834	2,964	4,213,474	3,564,635	648,839
Human Services	159,811	144,674	15,137	4,888,479	4,404,036	484,443
Economic Development and Assistance	0	0	0	228,905	221,740	7,165
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>7,915,428</b>	<b>6,657,823</b>	<b>1,257,605</b>	<b>15,143,784</b>	<b>12,527,774</b>	<b>2,616,010</b>
Excess of Revenues Over (Under) Expenditures	(1,044,581)	(33,749)	1,010,832	(2,364,648)	470,534	2,835,182
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	0	0	0	12,698	12,698
Advances - In	40,000	4,688	(35,312)	14,155	10,327	(3,828)
Advances - Out	(8,000)	(10,327)	(2,327)	0	(4,688)	(4,688)
Operating Transfers - In	28,000	0	(28,000)	265,854	282,541	16,687
Operating Transfers - Out	(1,200,419)	(1,200,419)	0	(22,122)	(22,122)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,140,419)</b>	<b>(1,206,058)</b>	<b>(65,639)</b>	<b>257,887</b>	<b>278,756</b>	<b>20,869</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,185,000)	(1,239,807)	945,193	(2,106,761)	749,290	2,856,051
Fund Balances at Beginning of Year	2,585,158	2,585,158	0	9,705,063	9,705,063	0
Prior Year Encumbrances Appropriated	310,710	310,710	0	522,698	522,698	0
<b>Fund Balances at End of Year</b>	<b>\$710,868</b>	<b>\$1,656,061</b>	<b>\$945,193</b>	<b>\$8,121,000</b>	<b>\$10,977,051</b>	<b>\$2,856,051</b>

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$261,487	\$287,888	\$26,401	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
73,612	89,618	16,006	373,500	98,500	(275,000)
0	0	0	0	0	0
16,766	28,524	11,758	0	0	0
<u>351,865</u>	<u>406,030</u>	<u>54,165</u>	<u>373,500</u>	<u>98,500</u>	<u>(275,000)</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	100,000	0	100,000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	450,596	266,061	184,535
248,750	248,750	0	0	0	0
245,110	244,838	272	0	0	0
<u>493,860</u>	<u>493,588</u>	<u>272</u>	<u>550,596</u>	<u>266,061</u>	<u>284,535</u>
<u>(141,995)</u>	<u>(87,558)</u>	<u>54,437</u>	<u>(177,096)</u>	<u>(167,561)</u>	<u>9,535</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,802,490	1,392,490	(410,000)
0	0	0	(452,490)	(452,490)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,350,000</u>	<u>940,000</u>	<u>(410,000)</u>
(141,995)	(87,558)	54,437	1,172,904	772,439	(400,465)
743,170	743,170	0	555,382	555,382	0
0	0	0	2,596	2,596	0
<u>\$601,175</u>	<u>\$655,612</u>	<u>\$54,437</u>	<u>\$1,730,882</u>	<u>\$1,330,417</u>	<u>(\$400,465)</u>

**BROWN COUNTY**  
Statement of Revenues, Expenses  
And Changes in Retained Earnings  
Enterprise Fund  
Brown County General Hospital  
For the Year Ended December 31, 1999

---

**Operating Revenues:**

Net Patient Service Revenue	\$21,884,248
Other Operating Revenues	<u>243,147</u>
Total Revenues	<u>22,127,395</u>

**Operating Expenses:**

Personal Services	11,058,686
Contractual Services	1,930,958
Materials and Supplies	5,336,307
Provision for Bad Debts	2,192,340
Other Operating Expenses	582,508
Interest and Fiscal Charges	254,612
Depreciation	<u>1,496,743</u>
Total Operating Expenses	<u>22,852,154</u>
Operating Loss	<u>(724,759)</u>

**Non-Operating Revenues and Expenses:**

Interest Income	141,193
Restricted Donations	107,500
Donations of Equipment	9,385
Other Non-Operating Revenues	9,946
Other Non-Operating Expenses	<u>(5,119)</u>
Total Non-Operating Revenues and Expenses	<u>262,905</u>

Net Loss (461,854)

Retained Earnings At Beginning of Year 15,266,238

Retained Earnings At End Of Year \$14,804,384

See Accompanying Notes to the General Purpose Financial Statements



**BROWN COUNTY**  
Statement of Support and Revenues, Expenses  
And Changes in Fund Balance  
Discretely Presented Component Unit  
For the Year Ended December 31, 1999

---

Grow, Inc.

**Support and Revenues:**

Brown County Board of Mental Retardation	\$1,111,965
Assembly Production	13,600
Services Contracted	90,359
Snack Bar	13,901
Other	<u>2,051</u>

Total Support and Revenues	<u>1,231,876</u>
----------------------------	------------------

**Expenses:**

Personal Services	689,604
Contractual Services	373,311
Materials and Supplies	59,937
Depreciation	3,935
Other Operating Expense	<u>116,618</u>

Total Expenses	<u>1,243,405</u>
----------------	------------------

Excess of Support and Revenues Under Expenses	(11,529)
---	----------

**Non-Operating Revenues and Expenses:**

Interest Income	464
Interest and Fiscal Charges	<u>(751)</u>

Total Non-Operating Revenues and Expenses	<u>(287)</u>
---	--------------

Net Revenues Under Expenses	(11,816)
-----------------------------	----------

Fund Balance At Beginning of Year	<u>52,677</u>
-----------------------------------	---------------

Fund Balance At End Of Year	<u><u>\$40,861</u></u>
-----------------------------	------------------------

See Accompanying Notes to the General Purpose Financial Statements

**BROWN COUNTY**  
Statement of Cash Flows  
Enterprise Fund  
Brown County General Hospital  
For the Year Ended December 31, 1999

**Cash Flows from Operating Activities:**

Loss from Operations (\$724,759)

*Adjustments to Reconcile Revenues and Gains in Excess of Expenses  
to Net Cash Provided by Operating Activities:*

Depreciation and Amortization 1,496,743

**Changes in Assets and Liabilities:**

Decrease in Accounts Receivable 1,057,707

Decrease in Materials and Supplies Inventory 84,834

Increase in Prepaid Expenses and Other Assets (183,880)

Increase in Accounts Payable and Other Accrued Expenses 237,626

Increase in Settlement Amounts Payable to Third Parties 178,464

*Net Cash Provided by Operating Activities* 2,146,735

**Cash Flows from Non-Capital Financing Activities:**

Other 52,151

**Cash Flows from Capital and Related  
Financing Activities:**

Capital Expenditures (908,044)

Donation for Capital Additions 39,385

Proceeds from Disposal of Equipment 100

Payments on Capital Lease Obligations (101,066)

Repayment of Long-Term Debt (460,000)

*Net Cash Used for Capital  
and Related Financing Activities* (1,429,625)

**Cash Flows from Investing Activities:**

Interest on Investments 135,235

Net Increase in Cash and Cash Equivalents 904,496

Cash and Cash Equivalents at Beginning of Year 1,619,866

Cash and Cash Equivalents at End of Year \$2,524,362

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Cash Equivalents in Current Assets \$1,643,080

Cash and Cash Equivalents Restricted for Plant Renewal  
and Replacement 741,995

Cash and Cash Equivalents Restricted for Debt Issuance 139,287

Total Cash and Cash Equivalents \$2,524,362

**Supplemental Disclosures:**

Interest Paid During the Year \$243,871

Non-Cash Financing of Equipment with Capital Lease Obligations \$7,872

See Accompanying Notes to the General Purpose Financial Statements

**BROWN COUNTY**  
Statement of Cash Flows  
Discretely Presented Component Unit  
For the Year Ended December 31, 1999

	<i>Grow, Inc.</i>
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Customers	\$124,611
Cash Payments to Suppliers for Goods and Services	(54,455)
Cash Payments to Employees for Services	(70,670)
<i>Net Cash Used for Operating Activities</i>	(514)
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>	
Payments for Capital Acquisitions	(1,150)
Principal Payments made on Capital Leases	(1,860)
Interest Payments made on Capital Leases	(751)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(3,761)
<b><u>Cash Flows from Investing Activities:</u></b>	
Interest on Investments	464
Net Decrease in Cash and Cash Equivalents	(3,811)
Cash and Cash Equivalents at Beginning of Year	23,320
Cash and Cash Equivalents at End of Year	\$19,509
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Excess of Support and Revenues Under Expenses	(\$11,529)
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:</u></b>	
Depreciation	3,935
<b><u>Changes in Assets and Liabilities:</u></b>	
Decrease in Accounts Receivable	4,700
Increase in Materials and Supplies Inventory	(2,393)
Increase in Accounts Payable	3,644
Increases in Accrued Wages and Benefits	1,129
Total Adjustments	11,015
Net Cash Used for Operating Activities	(\$514)

See Accompanying Notes to the General Purpose Financial Statements

**This page left blank intentionally.**

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

Brown County, Ohio (the County), was created in 1817. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate Court Judge, and two County Court Judges.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

***Reporting Entity:***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Brown County, this includes the Brown County Board of Mental Retardation and Developmental Disabilities, Brown County Alcohol, Drug Addiction and Mental Health Board, Brown County Solid Waste Management District, Brown County Airport, Brown County General Hospital, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units also includes organizations that are fiscally dependent on the County in that the County approves the organization's budget, the issuance of its debt or levying of its taxes. The Brown County General Hospital is being reported as a blended component unit in the reporting entity of Brown County.

***Discretely Presented Component Unit***

The component unit column in the combined financial statements identifies the financial data of the County's discretely presented component unit, Grow, Inc. It is reported separately to emphasize that it is legally separate from the County.

Grow, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under contractual agreement with the Brown County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally and/or physically handicapped adults in Brown County.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - REPORTING ENTITY (Continued)**

The Brown County Board of MR/DD provides the workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs, and other funds necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the mentally and/or physically handicapped adults of Brown County, the workshop is presented as a component unit of Brown County. Grow, Inc. operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from Grow, Inc., 9116 Hamer Rd., Georgetown, Ohio 45121.

The County is associated with certain organizations which are defined as Jointly Governed Organizations, Risk Sharing Organizations, and a Group Purchasing Pool. These organizations are presented in Note 17 to the General Purpose Financial Statements. These organizations are:

Ohio Valley Resource Conservation and Development Area, Inc.  
Job Training Partnership Consortium  
Private Industry Council  
County Risk Sharing Authority (CORSA)  
County Commissioners' Association of Ohio Workers' Compensation Group Rating Program

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the county treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements.

Soil and Water Conservation District  
Brown County Health District  
Family and Children First Council

The information in Notes 2 through 19 relate to the primary government and blended component unit. Information related to the discretely presented component unit is presented in Note 20.

**Basis of Presentation - Fund Accounting:** The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - REPORTING ENTITY (Continued)**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**Governmental Fund Types:** Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in enterprise funds) are accounted for through governmental funds. The following are the County's governmental fund types:

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

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

Debt Service Fund - The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

**Proprietary Fund Type:** Proprietary funds are used to account for the County's ongoing organizations and activities which are similar to those often found in the private sector. The following is the County's proprietary fund type:

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - REPORTING ENTITY (Continued)**

*Enterprise Fund* - Enterprise funds are used to account for the Brown County General Hospital's operations that are financed and operated in a manner similar to private sector business enterprises where the intent 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.

***Fiduciary Fund Type:*** Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the County's fiduciary fund type.

Agency funds - These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

*General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the County, other than those fixed assets accounted for in the enterprise fund.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the County, except those accounted for in the enterprise fund.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Hospital financial statements (enterprise fund) have been prepared in accordance with the principles contained in the "Audits of Providers of Health Care Services" published by the American Institute of Certified Public Accountants. The more significant of the County's accounting policies are described below.

***Measurement Focus and Basis of Accounting:*** 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. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.



**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

The enterprise fund accounts for the financial activity of the Brown County General Hospital. Therefore, the enterprise fund financial statements have been prepared in accordance with the principles contained in the "AICPA Auditing and Accounting Guide: Health Care Organizations". The Hospital also applies the Financial Accounting Standards Board's Statements and Interpretations issued prior to November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The statements of cash flows have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting".

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is thirty one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, permissive sales tax (see Note 8), federal and state grants, charges for current services, and fines and forfeitures. Major revenue sources not susceptible to accrual include licenses and permits, fines and forfeitures, and miscellaneous revenues which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have been recorded as receivables and deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

**Budgetary Process:** The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year, with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Advances-in and Advances-out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Budgetary information for the Brown County General Hospital and Grow, Inc. (component unit) are not reported because they are not included in the entity for which the "appropriated budget" is adopted and they do not maintain separate budgetary records.

**Tax Budget:** A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

**Estimated Resources:** The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include actual unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Appropriations:** A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**Budgeted Level of Expenditures:** Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - personal services, fringe benefits, supplies and materials, contractual services and other expenditures).

**Encumbrances:** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds.

**Lapsing of Appropriations:** At the close of each 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 succeeding fiscal year and is not reappropriated.

**Cash and Cash Equivalents:** Cash balances of the County's funds, except cash held by a trustee or fiscal agent and cash in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Each fund type's share of the pool is presented on the balance sheet in the account "Equity in Pooled Cash and Cash Equivalents." For purposes of the Statement of Cash Flows, the Hospital considers cash in operating accounts and various checking accounts to be cash and cash equivalents.

Cash and cash equivalents that are held separately within departments of the County, including the Brown County General Hospital, and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During fiscal year 1999, investments were limited to Star Ohio, repurchase agreements, money market accounts, common stock, treasury notes and U.S. Government agency securities. Investments are reported at fair value which is based on quoted market prices.

Brown County has invested funds in the State Treasury Asset Reserve of Ohio (Star Ohio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

Interest is distributed to the General Fund, Special Revenue Funds, and the Brown County General Hospital Enterprise Fund. Interest earned during 1999 amounted to \$584,098 for the County General Fund, which includes \$375,503 assigned from other County funds. The Special Revenue Funds, Enterprise Fund and the discretely presented component unit also earned interest of \$266,417, \$141,193, and \$464 respectively.

**Charity Care:** Hospital patients who meet certain criteria under the Hospital's charity care policy are provided care without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue. Hospital services at normal established rates totaled approximately \$626,000 for patients meeting the charity care criteria for the year ended December 31, 1999.

**Net Patient Service Revenue:** Net Patient Service Revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined (see Note 6).

Substantially all revenue is recognized when service is rendered.

**Inventory of Supplies:** Inventories of governmental funds are stated at cost while inventory of the enterprise fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the enterprise fund when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

**BROWN COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Prepaid Items:** Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items by 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.

**Restricted Assets:** Restricted assets represent: 1) assets whose use is limited by the Hospital Board for future property, plant and equipment renewal and replacement; 2) certain amounts set aside in accordance with agreements related to Hospital debt issuance; and 3) Hospital specific purpose funds, pledges receivable, and Hospital endowment funds. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific uses.

**Interfund Assets and Liabilities:** Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans or the short-term portion of advances are classified as "Interfund Receivables" or "Interfund Payables".

**Accrued and Long-Term Liabilities:** In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than one month after fiscal year-end are considered not to have used current available financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds. Long-term liabilities are being repaid from the following funds:

Obligation	Fund
Bonds Payable	Debt Service Fund and Enterprise Funds
Mortgage Loan Payable	Debt Service Fund

**Fixed Assets and Depreciation:** The fixed asset values initially were determined at December 31, 1992, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. The County has established \$500 as the threshold for which fixed assets are to be reported.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

*General Fixed Assets:* General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

*Enterprise Fund Fixed Assets:* Fixed assets reflected in the enterprise fund are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Equipment under capital leases is amortized on the straight-line basis over the shorter of the lease term or the estimated service lives of the leased assets. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Descriptions</u>	<u>Estimated Life</u>
Buildings	30-40 years
Furniture and Fixtures	10-20 years
Machinery and Equipment	5-20 years
Vehicles	5 years

*Compensated Absences:* The County and the Brown County Hospital follow the provisions of GASB Statement No. 16 “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributed to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31, by those employees who are eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employee wage rates at year end, taking into consideration any limits specified in the County’s termination policy.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The County records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service. The County records a liability for accumulated unused sick leave for all employees after five years of current service with the County. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**Reserves of Fund Equity:** The County records reservations for those portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and inventory of supplies. Retained earnings reserves have been established for future debt service, plant renewal and replacement, and for endowments, and specific purpose funds.

**Gifts and Bequests:** Gifts and bequests are recorded at fair market value on the date received. Contributions that are restricted by donor for specific purposes are recorded as specific purpose or restricted fund receipts or donations for equipment expenditures, as appropriate. Gifts and bequests received that are unrestricted by the donor are included in nonoperating revenues.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All remaining interfund transfers are reported as operating transfers.

**Estimates:** The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Total Columns on General Purpose Financial Statements:*** Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that a component unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component unit (see Note 1). The "Totals" column on statements which do not include a component unit have no additional caption.

**NOTE 3 - BUDGET TO GAAP RECONCILIATION**

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental funds (GAAP basis).
4. Advances - In and Advances - Out are operating transactions (budget) as opposed to a balance sheet transactions (GAAP).



**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 3 - BUDGET TO GAAP RECONCILIATION (Continued)**

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
GAAP Basis	(\$776,056)	\$1,527,728	(\$87,558)	\$1,051,479
Revenue Accruals	60,339	45,241	0	(63,690)
Expenditure Accruals	(106,134)	220,747	0	15,340
Advances	(5,639)	5,639	0	0
Encumbrances	(412,317)	(1,050,065)	0	(230,690)
Budget Basis	<u><u>(\$1,239,807)</u></u>	<u><u>\$749,290</u></u>	<u><u>(\$87,558)</u></u>	<u><u>\$772,439</u></u>

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY**

**Legal Compliance:**

The following fund had an excess of appropriations over estimated resources plus encumbrances for the fiscal year ended December 31, 1999:

<b><u>Special Revenue Fund</u></b>	
Dog and Kennel	\$2,894
<b><u>Debt Service Fund</u></b>	
Mental Health 10 Year	2,739

The following appropriation account had an excess of expenditures plus encumbrances over appropriations for the year ended December 31, 1999:

<b><u>Special Revenue Fund</u></b>	
Juvenile Corrections Program	
Public Safety	
Contract Services	\$1,615

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Fund Deficit:**

The Ohio 4-H Carteens Special Revenue Fund has a deficit fund balance of \$949. This deficit is due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The general fund is liable for the deficit and provides operating transfers when cash is required, not when accruals occur.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

**Policies And Procedures:** Monies held by the County are classified by State Statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. 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;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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;
3. 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;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 5 - DEPOSITS AND INVESTMENTS** *(Continued)*

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end, the County had \$5,350 of undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents" and the Hospital had \$1,630 of undeposited cash on hand which is included on the balance sheet of the County as part of "Cash and Cash Equivalents in Segregated Accounts".

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

***NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)***

*Deposits.* At year-end, the carrying amount of the County's deposits was \$4,159,547, and the bank balance was \$5,921,713. Of the bank balance \$816,325 was covered by federal depository insurance. For the Hospital, \$2,251,447 of bank deposits were collateralized with pooled securities held by financial institutions but not in the Hospital's name. The remainder of the County's deposits of \$2,853,941 were considered uninsured and uncollateralized. Although the securities serving as collateral was held by the pledging financial institutions' trust department in the County's name and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

*Investments.* Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.18, Revised Code. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counter party is a designated depository of the County for the current period of designation of depositories, in which case the securities may be held in trust by the depository. At the end of each day, the County Treasurer withdraws surplus funds from the account and invests the monies in an overnight repurchase agreement. The County does not purchase any specific security in this manner, but the investment is collateralized by pledged securities held by a third party in the name of the bank.

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires the County to categorize investments to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered for which the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held in the counter party's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the County's name. Investments in Star Ohio are not categorized since they are not evidenced by securities that exist in physical or book entry form.

The Brown County General Hospital has investments in common stock totaling \$39,354 at December 31, 1999, included as "Investments in Segregated Accounts" in the accompanying combined balance sheet.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

	Category 1	Category 3	Unclassified	Carrying and Fair Value
Common Stock	\$39,354	\$0	\$0	\$39,354
Treasury Notes	0	1,338,744	0	1,338,744
U.S. Government Agencies	0	10,280,355	0	10,280,355
Repurchase Agreements	0	1,498,085	0	1,498,085
Money Market Accounts	0	0	474,744	474,744
Star Ohio	0	0	3,275,291	3,275,291
Total Investments	<u>\$39,354</u>	<u>\$13,117,184</u>	<u>\$3,750,035</u>	<u>\$16,906,573</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$20,582,817	\$490,283
Cash on Hand	(6,980)	
Treasury Notes	(887,815)	887,815
U.S. Government Agencies	(10,280,355)	10,280,355
Repurchase Agreements	(1,498,085)	1,498,085
Money Market Accounts	(474,744)	474,744
Star Ohio	(3,275,291)	3,275,291
GASB Statement No. 3	<u>\$4,159,547</u>	<u>\$16,906,573</u>

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 6 - NET PATIENT SERVICE REVENUE**

The Brown County General Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Total gross patient services revenue and related allowances at December 31, 1999 were as follows:

Gross patient service revenue at established rates (including charity care)	\$32,529,700
Less:	
Contractual allowances	(10,019,475)
Charity care	(625,977)
Net patient service revenue	<u><u>\$21,884,248</u></u>

A summary of the payment arrangements with major third-party payers follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Inpatient nonacute services, certain outpatient services, and defined capital costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports prior to January 1, 1997 have been audited and finalized by the Medicare fiscal intermediary. Revenue from participation in the Medicare program amounted to 40% and 42% of operating revenue in 1999 and 1998, respectively.

Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under cost reimbursement and fee schedule methodologies. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports prior to January 1, 1995 have been audited and finalized by the Medicaid fiscal intermediary. Revenue from participation in the Medicaid program amounted to 18% of operating revenue in both 1999 and 1998.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital under these agreements includes prospectively-determined rates per discharge, discounts from established charges and prospectively-determined daily rates.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 1999 for real and public utility property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

1999 real property taxes are levied after October 1, 1999 on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to finance 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected.

Collections of the taxes and remittance of them to the taxing districts are accounted for in the Undivided General Tax Agency Fund. The collection and distribution of taxes for the County and for all subdivisions within the County is accounted for through the Undivided General Tax Agency Fund. The amount of the County's tax collections which flow through the agency fund is reported as "taxes receivable" on the combined balance sheet. Taxes receivable for individual funds have also been recorded as "taxes receivable."

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 7 - PROPERTY TAXES (Continued)**

The full tax rate for all County operations for the year ended December 31, 1999, was \$5.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Estate	\$356,977,580
Public Utility Personal Property	50,965,470
Tangible Personal Property	<u>23,683,653</u>
Total Assessed Value	<u><u>\$431,626,703</u></u>

Property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 1999 operations. The receivable is therefore offset by a credit to deferred revenue.

**NOTE 8 - PERMISSIVE SALES TAX**

In 1990, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1993, an additional one-half percent sales and use tax was passed by the voters for the purpose of the funding and operation of a 9-1-1 system in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited to the General Fund, 9-1-1 Emergency Special Revenue Fund, and the Courts Building Capital Projects Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Permissive sales tax revenue for 1999 amounted to \$2,446,627.



**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 9 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, accounts (billings for user charged services), special assessments, interfund activity, interest on investments and intergovernmental receivables arising from grants, and shared revenues. All receivables, except those of the Brown County General Hospital Enterprise Fund, are considered collectible in full. The Hospital has accounts receivable in the amount of \$3,987,223, which is net after an allowance for doubtful accounts of \$2,876,374. The Hospital also has pledges receivable.

A summary of the principal items of intergovernmental receivables is as follows:

<b>Fund/Type</b>	<b>Amount</b>
<i>General Fund</i>	
Salary Reimbursement	\$2,795
<i>Special Revenue Funds</i>	
D.A.R.E Grant	1,184
Cops	4,484
Mental Retardation	49,247
Mental Health	22,592
Emergency Management	169
Felony Delinquent Custody and Care	5,505
Children's Services	40,818
Diversion Grant	14,400
Victim's Assistance	2,258
<i>Total Special Revenue Funds</i>	140,657
<b><i>Total All Funds</i></b>	<b>\$143,452</b>

**NOTE 10 - FIXED ASSETS**

**A. General Fixed Assets**

A summary of the changes in general fixed assets during 1999 is as follows:

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 10 - FIXED ASSETS (Continued)**

Asset Category	Balance for the Year Ended 12/31/98	Additions	Deletions	Balance for the Year Ended 12/31/99
Land	\$446,784	\$0	\$0	\$446,784
Buildings	7,764,275	0	0	7,764,275
Machinery and Equipment	3,243,691	348,240	19,007	3,572,924
Furniture and Fixtures	529,914	0	0	529,914
Vehicles	2,044,998	48,303	144,669	1,948,632
Construction in Progress	0	31,400	0	31,400
<b>Total</b>	<b>\$14,029,662</b>	<b>\$427,943</b>	<b>\$163,676</b>	<b>\$14,293,929</b>

**B. Fund Fixed Assets**

All fund fixed assets relate to the Brown County General Hospital Enterprise Fund. The balance as of December 31, 1999, is as follows:

Land and Land Improvements	\$763,917
Buildings and Building Improvements	11,225,198
Equipment	14,367,582
Construction in Progress	127,605
Total	<u>26,484,302</u>
Less: Accumulated Depreciation	<u>(13,547,844)</u>
Net Fund Fixed Assets	<u><u>\$12,936,458</u></u>

**NOTE 11- RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, property, auto, and crime insurance, the County has addressed these various types of risk.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 11- RISK MANAGEMENT (Continued)**

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to thirty-nine members.

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$3,000,000 of total liability coverage. The limit applies to any one occurrence of loss, with no annual aggregate except for the Public Officials Liability and Products Liability, which both have the same per occurrence and annual aggregate limit. For the General liability, Law Enforcement, and Auto Liability, there is no annual aggregate. Property damage is on a replacement cost basis.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in coverage from last year.

Employee dishonesty, money and securities inside and out, money orders and counterfeit, and depositor's forgery are covered in the amount of \$1,000,000 aggregate.

Workers' compensation benefits are provided through the Ohio Bureau of Workers' Compensation. For 1999, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program (CCAO), a workers' compensation group purchasing pool (See Note 17). The intent of the CCAO is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAO. Each participant pays its workers' compensation premium to the State based on the rate for the CCAO rather than its individual rate.

In order to allocate the savings derived by formation of the CCAO, and to maximize the number of participants in the CCAO, annually the CCAO's executive committee calculates the total savings which accrued to the CCAO through its formation. This savings is then compared to the overall savings percentage of the CCAO. The CCAO's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the CCAO is limited to counties that can meet the CCAO's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the CCAO. Each year, the County pays an enrollment fee to the CCAO to cover the costs of administering the CCAO.

The County may withdraw from the CCAO if written notice is provided sixty days prior to the prescribed applicant deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the CCAO prior to withdrawal, and any participant leaving the CCAO allows representatives of the CCAO to access loss experience for three years following the last year of participation.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS**

***Public Employees Retirement System:*** All County full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligations and the County is required to contribute 9.35%. For law enforcement employees, the employee contribution is 9% and the employer contribution is 12.5%. Contributions are authorized by State Statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$602,279, \$619,689, and \$565,441, respectively. The full amount has been contributed for 1998 and 1997. 73% has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group. The Hospital's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$1,163,365, \$1,129,466, and \$1,016,790, respectively.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

***Public Employees Retirement System:*** The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.20 percent was the portion that was used to fund health care for 1999. For law enforcement employees, the employer contribution rate was 16.7% of which 4.2% was used to fund health care.

For 1999, benefits are funded on a pay-as-you-go basis. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 13 - POSTEMPLOYEMENT BENEFITS (Continued)**

eligible for OPEB through PERS was 118,062. The County's actual contributions for 1999 which were used to fund OPEB were \$288,120.

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences:** County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

Accumulated, unused sick leave is paid up to a maximum of 240 hours, depending on length of service, to employees who retire. As of December 31, 1999, the liability for compensated absences was \$509,767 for the County and \$751,445 for the Brown County Hospital.

**Insurance Benefits:** The County provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance. The County has elected to provide employee medical/surgical benefits through Medical Mutual of Ohio. The employees share the cost of the monthly premium with the County. The premium varies with employee depending on the department and terms of the union contract. The County does not share in the cost of premiums for dental or vision insurance except in limited circumstances.

**Deferred Compensation**

County employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 15 - LONG-TERM DEBT**

The change in the County's long-term obligations during the year consisted of the following:

	Principal Outstanding at 12/31/98	Additions	Deletions	Principal Outstanding at 12/31/99
<i>Enterprise Fund Obligations</i>				
<i>Mortgage Revenue Bonds</i>				
Hospital Revenue Bonds 1995 5.5%	\$700,000	\$0	\$100,000	\$600,000
Hospital Improvement Bonds 1993 2.8%-5.3%	2,905,000	0	360,000	2,545,000
Total Enterprise Obligations	<u>\$3,605,000</u>	<u>\$0</u>	<u>\$460,000</u>	<u>\$3,145,000</u>
<i>General Long-Term Obligations</i>				
<i>General Obligation Bonds</i>				
Brown County Public Library District 1996 5.4% - 5.8%	\$2,820,000	\$0	\$95,000	\$2,725,000
Adult Detention Center Bonds 1983 9.13%	485,000	0	95,000	390,000
Human Services Bonds 1998 5.25%	545,000	0	45,000	500,000
Total General Obligation Bonds	<u>3,850,000</u>	<u>0</u>	<u>235,000</u>	<u>3,615,000</u>
<i>Other Long-Term Obligations</i>				
Forgivable Debt	316,458	0	8,750	307,708
Mortgage Loan Payable 1994 7.90%	80,735	0	13,750	66,985
Due to Other Governments (Pension Obligation)	242,672	241,548	242,672	241,548
Compensated Absences	503,727	0	7,052	496,675
Total Other Long-Term Obligations	<u>1,143,592</u>	<u>241,548</u>	<u>272,224</u>	<u>1,112,916</u>
Total General Long-Term Obligations	<u>\$4,993,592</u>	<u>\$241,548</u>	<u>\$507,224</u>	<u>\$4,727,916</u>

The County's total legal debt margin was \$6,609,347 with an unvoted debt margin of \$1,289,894 at December 31, 1999.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 15 - LONG-TERM DEBT (Continued)**

The Adult Detention Center and Human Services Bonds will be paid from the debt service fund. The Library Improvement Bonds will be retired from proceeds of a voted tax levied upon the County residents living in the Library District and will be paid from the Debt Service Fund. Compensated absences and the pension liability will be paid from the fund from which the employees' salary is paid.

Forgivable debt consists of construction loans and a loan contract made between the Brown County Community Board of Alcohol, Drug Addiction, and Mental Health Services (the Board) and the Ohio Department of Mental Health (ODMH), for the purchase of land and construction thereon for the use in providing mental health services to the County. The terms of the contract are essentially equivalent to a mortgage on the property, with the Board being obligated to provide mental health services for a period of 40 years from the inception of the contract. Should the Board discontinue mental health services at the facility, the balance of the contract would become due immediately. Failure to pay the balance could result in foreclosure by ODMH. The balance due is reduced on a month-by-month basis over the term of the contract as long as the facility is used for mental health services. During 1999, \$8,750 was forgiven by the ODMH. The mortgage loan payable represents twenty-five percent of the land purchase and construction costs which the County was required to pay.

Principal and interest requirements to retire the obligations discussed above is as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Forgivable Debt (No Interest)</u>	<u>Mortgage Loan Payable Principal</u>	<u>Mortgage Loan Payable Interest</u>
2000	\$8,750	\$14,865	\$4,641
2001	8,750	16,051	3,455
2002	8,750	17,331	2,174
2003	8,750	18,738	792
2004	8,750	0	0
2005-2009	43,750	0	0
2010-2014	43,750	0	0
2015-2019	43,750	0	0
2020-2024	43,750	0	0
2024-2029	43,750	0	0
2030-2035	45,208	0	0
Total	<u>\$307,708</u>	<u>\$66,985</u>	<u>\$11,062</u>

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 15 - LONG-TERM DEBT (Continued)**

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 1999 are as follows:

<u>Fiscal Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$245,000	\$222,863	\$467,863
2001	255,000	205,626	460,626
2002	260,000	188,006	448,006
2003	275,000	170,100	445,100
2004	180,000	151,187	331,187
2005-09	985,000	591,837	1,576,837
2010-14	955,000	316,500	1,271,500
2015-16	<u>460,000</u>	<u>41,700</u>	<u>501,700</u>
Totals	<u><u>\$3,615,000</u></u>	<u><u>\$1,887,819</u></u>	<u><u>\$5,502,819</u></u>

Principal requirements to retire the mortgage revenue bonds outstanding at December 31, 1999 are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>
2000	\$475,000
2001	490,000
2002	510,000
2003	535,000
2004	555,000
2005	<u>580,000</u>
Total	<u><u>\$3,145,000</u></u>

Under the terms of the Mortgage Revenue Bond agreement, the Hospital is required to maintain a liquidity reserve equal to the maximum annual debt service on the bonds. This reserve is included with restricted assets in the financial statements.



**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 15 - LONG-TERM DEBT (Continued)**

**Leases Payable**

The Hospital has incurred capital lease obligations, at various effective interest rates of between 6.5% and 12.6%, collateralized by leased equipment. Scheduled principal repayments on capital lease obligations are as follows:

Fiscal Year Ending December 31,	Principal
2000	\$126,455
2001	108,353
2002	90,711
2003	29,326
Total	354,845
Less Amount Representing Interest	(46,074)
Present value of minimum lease payments	\$308,771

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 16 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables:

Fund Type/Fund	Asset		Liability	
	Interfund Receivable	Due From Other Funds	Interfund Payable	Due To Other Funds
<i>General Fund</i>	\$10,327	\$11,385	\$0	\$796
<i>Special Revenue Funds</i>				
Auto & Gas	0	3,071	0	0
Dog and Kennel	0	0	9,467	0
Children's Services	0	13,690	0	0
Sheriff Commissary	0	0	0	469
Sheriff Overtime	0	0	0	117
CSEA	0	0	0	12,544
Human Services	0	0	0	13,690
Ohio 4H Carteen Project	0	0	860	0
<i>Total Special Revenue Funds</i>	0	16,761	10,327	26,820
<i>Agency Funds</i>				
County Court	0	0	0	530
<i>Total Agency Funds</i>	0	0	0	530
<i>Total All Funds</i>	\$10,327	\$28,146	\$10,327	\$28,146

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS / RISK SHARING ORGANIZATION / GROUP PURCHASING POOL**

**Ohio Valley Resource Conservation and Development Area, Inc.** - The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Brown County, along with Ross, Vinton, Highland, Pike, Adams, Scioto, Jackson, Gallia, and Lawrence Counties, each appoints three members to a thirty member council. The Council selects an administrator to oversee operations.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS / RISK SHARING ORGANIZATION / GROUP PURCHASING POOL (Continued)**

Each entity contributes \$100 annually; other revenues are from USDA grants. Brown County does not have any financial interest or responsibilities nor can it significantly influence management.

**Job Training Partnership Consortium** - The Governor has designated Brown, Scioto, Adams, Jackson, Highland and Pike Counties as a Service Delivery Area. A Job Training Partnership Agreement between Brown, Scioto, Adams, Jackson, Highland and Brown County Consortium and the Private Industry Council (PIC) was entered into pursuant to the provisions of the Job Training Partnership Act of 1982 (the Act) Public Law 97-300. The objective of the JTPA is to provide job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers. Funds for the operations of the JTPA are received through grant revenue from the State of Ohio. Scioto County has been designated by the PIC, pursuant to Section 103 (b) (1) (B) of the Act, to serve as the grant recipient of all JTPA funds and any other federal, state or private funds which it is legally empowered to accept on behalf of the PIC.

Each Board of County Commissioners must choose a Chief Elected Official (CEO) to represent the County in the JTPA. The CEO is responsible for approving job training plans, grants, policies and operating guidelines for the administration of the programs, delegation of duties for the programs and appointment/termination of the Director of the Job Training Partnership Office. Brown County does not have any ongoing financial interest in or responsibility for the Consortium.

**Private Industry Council** - The PIC is a jointly governed organization of representatives from the private and public sectors of Brown, Scioto, Adams, Jackson and Brown counties appointed by the county commissioners from each county. The Board of Trustees is the governing board of the PIC. The Board of Trustees elects a President, Vice President, Secretary, Treasurer and an Executive Director. The President may execute, without limitation, contracts, bonds, notes, debentures, deeds, mortgages and other obligations in the name of the PIC. The County does not have any ongoing financial interest in or responsibility for the Council.

**County Risk Sharing Authority (CORSA)** - The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS / RISK SHARING ORGANIZATION / GROUP PURCHASING POOL (Continued)**

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgetary and financing of CORSA is limited to its voting authority and any representative it may have on the board of trustees. CORSA has insured certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA.

**County Commissioners' Association of Ohio Workers' Compensation Group Rating Program -**

The County is participating in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association of the Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees, fees for risk management services, and general management fees; determining ongoing responsibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and the treasurer of the CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

**NOTE 18 - CONTINGENT LIABILITIES**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the county commissioners believe such disallowances, if any, will be immaterial. The Hospital maintains malpractice insurance coverage under a per occurrence basis with Ohio Hospital Insurance Company. Professional liability claims are currently pending against the Hospital. No provision for loss has been made in the accompanying financial statements because management is of the opinion that the ultimate liability, if any, resulting from the lawsuits would be adequately covered by insurance, and would not adversely affect the financial position of the Hospital.

**BROWN COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 19 - CONSTRUCTION COMMITMENTS**

During 1999, the County entered into contracts for the design and construction of a new animal shelter and the design for a new County Engineer's building. Outstanding construction commitments related to these projects are as follows:

<u>Contractor</u>	<u>Outstanding Balance at 12/31/99</u>
McCall Architecture	\$91,350
Garrison Construction	230,700
Total	\$322,050

**NOTE 20 - GROW, INC.**

As indicated in Note 1 to the General Purpose Financial Statements, the following disclosures are made on behalf of Grow, Inc.

**A. BASIS OF ACCOUNTING:** Grow, Inc. uses the basis of accounting for not-for-profit corporations in accordance with Statement of Position 78-10.

**B. DEPOSITS:** At year end, the carrying amount of Grow, Inc.'s deposits was \$19,509 and the bank balance was \$20,312. The entire bank balance was covered by federal depository insurance. Grow, Inc. did not have any investments at year end. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

**C. ACCOUNTS RECEIVABLE:** Accounts receivable represents charges for services from companies and are considered fully collectable.

**This page intentionally left blank.**

**BROWN COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 1999**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grants for Prevention and Treatment of Substance Abuse	N/A	93.959	\$122,473
Alcohol, Drug and Mental Health Services Block Grant	N/A	93.992	38,785
Social Services Block Grant - Title XX	N/A	93.667	30,139
Medical Assistance Program - Title XIX	N/A	93.778	269,875
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant - Title XX	N/A	93.667	20,212
Medical Assistance Program - Title XIX	N/A	93.778	<u>513,288</u>
Total U.S. Department of Health and Human Services			<u>994,772</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through the Ohio Department of Development:</i>			
Community Development Block Grants/State's Program	B-F-98-008-1	14.228	153,246
	B-N-98-008-1	14.228	9,964
	B-E-97-008-1	14.228	4,050
	B-F-99-008-1	14.228	<u>1,157</u>
Total U.S. Department of Housing and Urban Development			<u>168,417</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed Through the Ohio Attorney General:</i>			
Crime Victim Assistance	99-VA-GENE-308	16.575	27,138
Byrne Formula Grant Program	98-LE-LEB-3050	16.579	<u>9,065</u>
Total U.S. Department of Justice			<u>36,203</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
<i>Passed Through the Ohio Emergency Management Agency</i>			
Public Assistance Grants	1164-DR-015-91000	83.544	218,576
Emergency Management - State and Local Assistance		83.534	<u>12,127</u>
Total Federal Emergency Management Agency			<u>230,703</u>
<b>U.S. DEPARTMENT OF PUBLIC SAFETY</b>			
<i>Passed Through the Ohio Department of Public Safety:</i>			
State and Community Highway Safety	N/A	20.600	<u>2,181</u>
<b>Total</b>			<u><u>\$1,432,276</u></u>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

The County passes-through certain Federal assistance received from the Ohio Department of Mental Health, Alcohol, and Drug Addiction Services, and the Ohio Department of Mental Retardation and Developmental Disabilities to other counties or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal programs. Under Federal OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C - MATCHING REQUIREMENTS**

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





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

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

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

Brown County  
800 Mt. Orab Pike  
Georgetown, Ohio 45121

To the Board of County Commissioners:

We have audited the financial statements of Brown County, Ohio (the County), as of and for the year ended December 31, 1999, and have issued our report thereon dated September 20, 2000, wherein we noted that the financial statements of the Brown County General Hospital (the Proprietary Fund Type) were audited by other auditors. The report of the other auditors has been furnished to us, and our report on compliance, insofar as it relates to the Proprietary Fund Type, is based on the compliance report of other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated September 20, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-60408-001, 1999-60408-002, and 1999-60408-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated September 20, 2000.

This report is intended for the information and use of the fiscal report review committee, management, and County Officials, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

September 20, 2000



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

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

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

Brown County  
800 Mt. Orab Pike  
Georgetown, Ohio 45121

To the Board of County Commissioners:

**Compliance**

We have audited the compliance of Brown County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended December 31, 1999. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

**Internal Control Over Compliance**

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 1999-60408-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information and use of the fiscal report review committee, management, County Officials, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

September 20, 2000

**BROWN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Medicaid - Title XIX, CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

**BROWN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999  
(Continued)**

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

**FINDING NUMBER 1999-60408-001**

**System Access Controls - Reportable Condition**

Sound internal control procedures suggest that management periodically confirm their users' computer access rights to data and applications. The failure to do so can leave the County vulnerable to theft, loss, and/or malicious tampering of system resources.

The County Auditor and Treasurer did not perform a periodic confirmation of the appropriateness of user access rights within their departments despite the following:

1. This has been a repeated comment in previous management letters to the County.
2. The County's technical support agreement with their computer vendor, MacDonald, Friedberg, Carr, and Dixon (MFCD), stated that one County employee was to be made primarily responsible for technical supervision of the County's computer system. This was never acted upon by the County.

On March 5, 1999, the County experienced a system crash. During our testing, in March 2000, we determined that when the system was restored the system level access controls were not properly reconfigured. Specifically, user profiles were not assigned mandatory menus, which restrict access to specified menus and options. Without mandatory menus, users could access any application on the system through the command line. In addition, resource (library) level security was not enabled, therefore, users could make changes to data with no restrictions. This lack of system security even included the public terminals, which are normally used by the general public for "inquiry" access only to the County's data. Since this situation occurred, we performed extensive additional substantive testing of the County's financial records to gain assurance that they fairly represented the County's financial condition.

Per discussion with County officials and representatives from MFCD, this situation has been remedied and user profiles are now assigned mandatory menus. However, the underlying problem of having no County employee assigned the responsibility to supervise the system still exists. This lack of control gives no assurance that a repeat of this situation or a similar situation could not occur in the future.

We recommend the County assign a person to supervise the routine day-to-day operation of the County's computer system. The County should work out an agreement with their vendor to provide this person the proper training to handle this job. This person would work with the vendor to monitor that the computer system is functioning as County management intended. In addition, this person would also be in charge of periodically reviewing users' access rights to verify they are appropriate based upon the users' current job duties.

**FINDING NUMBER 1999-60408-002**

**Fixed Assets System - Reportable Condition**

The County did not maintain its fixed asset system throughout the audit period. Fixed assets acquired were not input as additions into the fixed asset system and fixed assets disposed of were not input as deletions to the system. Additionally, fixed assets are not physically tagged with a fixed asset identification number. Failure to properly account for fixed asset additions and deletions into the fixed asset system and physically tag fixed assets with an identification number could result in fixed assets going unrecorded. This could also result in fixed assets being materially misstated on the County's general-purpose financial statements.

**BROWN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999  
(Continued)**

**FINDING NUMBER 1999-60408-002 (Continued)**

The County has procedures in place for tracking fixed asset additions and deletions, but these procedures are not consistently followed. Fixed asset addition, deletion, and transfer input forms were not always completed and some of the forms which were completed did not include all essential information. Fixed asset addition, deletion, and transfer input forms should be completely filled out by the departments acquiring, disposing of, or transferring the fixed assets at the time of the respective transaction. Without these forms completed accurately, the assets cannot be posted and tracked effectively in the fixed asset system. Payments for fixed asset purchases should not be processed without receiving these forms from the respective departments. The County should then post additions, deletions, and transfers into the fixed asset system from these forms.

Additionally, the County does not maintain a complete list of items sent to auction. Without the proper documentation of disposals, fixed assets could be improperly accounted for or deducted without being actually being sold or disposed of. We recommend that a master auction list be used which includes the asset tag number, asset class (e.g., land, building, etc.), department name and number, fund type that invested in asset, description of the item, the cost, and a column to record the selling price at the auction. If the item was not recorded as a capitalized fixed asset (original cost over \$500 threshold), the item should still be included on the master auction list. In addition, each department should compile a complete list of items that are being sent to auction or disposed of and forward that list to the County Auditor's office. This list should include the following: a description of the item, (make, and model year), asset tag number, original cost, serial number or identification number, and funding source if possible.

The County should perform a physical inventory of its capitalized fixed assets, either simultaneously or on a rotating basis, or as determined by County policy, so that all the County's fixed assets are physically accounted for and tagged with an identification number. While a well-designed and properly maintained perpetual inventory system can eliminate the need for annual inventory of a government's fixed assets, no inventory system is so reliable as to eliminate completely the need for a periodic inventory. The County should evaluate its current inventory receiving, inventory disposal, and periodic inventory maintenance, to ensure that management can properly maintain effective controls over fixed assets.

**FINDING NUMBER 1999-60408-003**

**Fund Balance Adjustments - Reportable Condition**

The County was inconsistent in its accounting treatment of reimbursements, refunds, and error correction adjustments. The County posted some reimbursements and refund transactions directly to fund balances. These transactions were not posted to the appropriate revenue and/or appropriation accounts in the County's accounting system. This could result in receipts and expenditures being unrecorded on the County's accounting system. During the GAAP conversion, these transactions were posted to the appropriate revenue and/or appropriation line item in the County's trial balances. Details of the County's transactions which were provided for audit (the County's Revenue and Appropriation Histories) did not list these transactions. We were able to follow-up on these transactions and determine their source and appropriateness; however, posting of transactions in this manner does not provide a sufficient audit trail. We recommend that all transactions be posted to the appropriate revenue and/or appropriation accounts.

**BROWN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

**System Access Controls - Reportable Condition**

Finding Number	1999-60408-001
CFDA Title and Number	Medical Assistance Program (Title XIX), CFDA #93.778
Federal Award Number/Year	1999
Federal Agency	U.S. Dept. of Health and Human Services
Pass-Through Agencies	Ohio Dept. of Mental Health, Ohio Dept. of Alcohol and Drug Addiction Services, and the Ohio Dept. of Mental Retardation and Developmental Disabilities

Internal control procedures were not in place for management to periodically review users' computer access rights to data and applications and system level access controls were not in place. See finding #1999-60408-001 in section 2 of this schedule for complete description.



**BROWN COUNTY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
1998-60408-002	Lack of subrecipient monitoring for Medicaid Title XIX monies passed through from Brown County Board of Alcohol, Drug Addiction, and Mental Health Services to Brown County Counseling	Yes	N/A





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

## BROWN COUNTY FINANCIAL CONDITION

### BROWN COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 5, 2000