



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## BROWN COUNTY FINANCIAL CONDITION BROWN COUNTY

### SINGLE AUDIT

For the Year Ended December 31, 2011  
Fiscal Year Audited Under GAGAS: 2011





# Dave Yost • Auditor of State

Board of County Commissioners  
Brown County  
800 Mt. Orab Pike, Suite 181  
Georgetown, Ohio 45121

We have reviewed the *Independent Auditor's Report* of Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Brown County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 25, 2012

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**BROWN COUNTY**

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Brown County  
800 Mt. Orab Pike  
Georgetown, Ohio 45121

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Brown County, Ohio (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities and disclosures that, while material, we cannot determine at this time.

As more fully described in Note 1 and Note 17 to the basic financial statements, management has not included the Brown County Hospital Fund in the County's financial statements. The Brown County Hospital discontinued their operations in June of 2011. The Brown County Hospital Fund should be presented as a major enterprise fund and financial information about the Brown County Hospital Fund should be part of the business-type activities for the period of time during 2011 for which they were in operation, thus increasing the business-type activities' revenues and expenses and changing its net assets. We cannot reasonably determine the amount by which this departure would affect the revenues, expenses and changes in net assets of the business-type activities and the omitted major fund.

In our opinion, because of the omission of the Brown County Hospital Fund, as discussed above, the financial statements referred to above do not present fairly, in conformity with the basis of accounting Note 2 describes, changes in financial position or cash flows, thereof, of the Brown County Hospital Fund of Brown County, Ohio, for the period of time during 2011 for which they were in operation. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Brown County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Developmental Disabilities, Job and Family Services, and Auto and Gas Tax funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

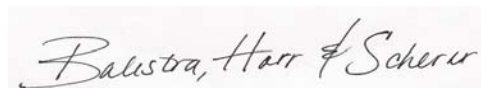
Further, in our opinion, except for the effects of not including financial information for the Brown County Hospital Fund as part of the business-type activities, as discussed above, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Brown County, Ohio, as of December 31, 2011, and the changes in financial position or cash flows, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2012 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The Schedule of Expenditures of Federal Awards provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 19 to the financial statements, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Balestra, Harr & Scherer, CPAs, Inc.  
July 31, 2012



**Brown County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
*Unaudited*

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The discussion and analysis of Brown County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2011, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 10.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

*Overall:*

Total net assets increased \$2,624,677 with governmental activities increasing by \$2,189,012 and business-type activities increasing by \$435,665.

Total cash receipts were \$30,539,790 in 2011.

Total cash disbursements were \$27,915,113 in 2011.

*Governmental Activities:*

Total program cash receipts were \$16,944,425 in 2011, while program cash disbursements were \$26,659,895.

Program cash disbursements were primarily composed of Human Services, General Government-Legislative and Executive, Public Works, Public Safety and Health related cash disbursements which were \$4,251,894, \$4,378,330, \$4,234,236, \$4,064,875, and \$4,531,796, respectively, in 2011.

*Business-Type Activities:*

Program cash receipts were \$1,666,883 for business-type activities, while corresponding cash disbursements were \$1,255,218.

**Using this Basic Financial Report**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The *statement of net assets-cash basis* and *statement of activities-cash basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on the cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, the General Fund, the Developmental Disabilities Fund, the Job and Family Services Fund, and the Auto and Gas Tax Fund are the most significant funds and have been presented as major funds.

***Reporting the County as a Whole***

***The County's Reporting Entity Presentation***

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and two other separate legal entities that are presented as component units. The primary government consists of Brown County. The component unit presentation includes Grow, Inc. on pages 10, 11, and 12 presented on a cash basis.

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets and the statement of activities, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's solid waste program and the water and sewer activities are reported as business-type activities.

Component Unit Activities – Although Grow, Inc. is a separate legal entity, the County includes their activities since the County is financially accountable for this entity. Brown County General Hospital was also a separate legal entity; however, their financial statements were presented on the accrual basis of accounting. In addition, as more fully described in Note 1 to the Basic Financial Statements, Brown County Hospital sold substantially all assets and transferred all liabilities to another entity in June 2011. As of December 31, 2011, Brown County Hospital is not considered a component unit of Brown County. Therefore the financial statements of the Brown County General Hospital through the date of their acquisition in June 2011 are not included in this presentation.

***Reporting the County's Most Significant Funds***

*Fund Financial Statements*

The analysis of the County's major funds begins on page 8. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, the Developmental Disabilities Fund, the Job and Family Services Fund, and the Auto and Gas Tax Fund.

***Governmental Funds*** Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net assets and cash basis fund balances or changes in net assets and changes in cash basis fund balances. Therefore, no reconciliation is necessary between such financial

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
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statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities. See Note 2 to the basic financial statements entitled *Government-Wide Financial Statements*.

**Proprietary Funds** The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The basis of accounting used for fiduciary funds is the cash basis of accounting. The County's only fiduciary funds are agency funds.

**The County as a Whole**

Recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2011 as compared to 2010:

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010 *	2011	2010	2011	2010
<b>Assets</b>						
Equity in Pooled Cash & Cash Equivalents	\$17,799,880	\$15,610,868	\$2,288,066	\$1,852,401	\$20,087,946	\$17,463,269
<b>Total Assets</b>	17,799,880	15,610,868	2,288,066	1,852,401	20,087,946	17,463,269
<b>Net Assets</b>						
Restricted	14,840,092	13,458,947	0	0	14,840,092	13,458,947
Unrestricted	2,959,788	2,151,921	2,288,066	1,852,401	5,247,854	4,004,322
<b>Total Net Assets</b>	\$17,799,880	\$15,610,868	\$2,288,066	\$1,852,401	\$20,087,946	\$17,463,269

\* - As Restated – See Note 19.

Total net assets increased by \$2,624,677 due to cash receipts exceeding cash disbursements.

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

Table 2 shows the changes in net assets for 2011 as compared to 2010.

Table 2  
 Changes in Net Cash Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010 *	2011	2010	2011	2010 *
<b>Cash Receipts</b>						
<i>Program Cash Receipts</i>						
Charges For Services	\$4,441,853	\$4,106,806	\$1,608,933	\$1,569,175	\$6,050,786	\$5,675,981
Operating Grants and Contributions	12,227,608	14,459,061	0	0	12,227,608	14,459,061
Capital Grants and Contributions	274,964	309,614	57,950	0	332,914	309,614
<b>Total Program Cash Receipts</b>	<b>16,944,425</b>	<b>18,875,481</b>	<b>1,666,883</b>	<b>1,569,175</b>	<b>18,611,308</b>	<b>20,444,656</b>
<i>General Cash Receipts and Transfers</i>						
Property Taxes	3,549,278	3,205,430	0	0	3,549,278	3,205,430
Sales Taxes	4,117,994	3,311,853	0	0	4,117,994	3,311,853
Grants and Entitlements Not						
Restricted to Specific Programs	1,322,424	1,149,602	0	0	1,322,424	1,149,602
Miscellaneous	179,733	84,249	0	0	179,733	84,249
Interest	211,067	285,420	0	0	211,067	285,420
Refund of Prior Year Disbursements	397,986	0	0	0	397,986	0
Proceeds from Bond Anticipation Notes	750,000	750,000	0	0	750,000	750,000
General Obligation Bonds Issued	1,400,000	800,000			1,400,000	800,000
Transfers In/Out (Net)	(24,000)	(2,303)	24,000	2,303	0	0
<b>Total General Cash Receipts and Transfers</b>	<b>11,904,482</b>	<b>9,584,251</b>	<b>24,000</b>	<b>2,303</b>	<b>11,928,482</b>	<b>9,586,554</b>
<b>Total Cash Receipts</b>	<b>28,848,907</b>	<b>28,459,732</b>	<b>1,690,883</b>	<b>1,571,478</b>	<b>30,539,790</b>	<b>30,031,210</b>
<b>Cash Disbursements</b>						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	4,378,330	4,569,742	0	0	4,378,330	4,569,742
Judicial	2,160,005	2,242,167	0	0	2,160,005	2,242,167
Public Safety	4,064,875	4,438,781	0	0	4,064,875	4,438,781
Public Works	4,234,236	4,768,435	0	0	4,234,236	4,768,435
Health	4,531,796	4,137,243	0	0	4,531,796	4,137,243
Human Services	4,251,894	4,629,850	0	0	4,251,894	4,629,850
Community and Economic Development	398,063	1,546,869	0	0	398,063	1,546,869
Capital Outlay	1,594,716	60,141	0	0	1,594,716	60,141
<i>Debt Service:</i>						
Principal Retirement	958,750	948,750	0	0	958,750	948,750
Interest and Fiscal Charges	87,230	95,094	0	0	87,230	95,094
Issuance Costs	0	16,000	0	0	0	16,000
Solid Waste	0	0	1,149,235	785,073	1,149,235	785,073
Sewer and Water	0	0	105,983	56,914	105,983	56,914
<b>Total Cash Disbursements</b>	<b>26,659,895</b>	<b>27,453,072</b>	<b>1,255,218</b>	<b>841,987</b>	<b>27,915,113</b>	<b>28,295,059</b>
<b>Change in Net Cash Assets</b>	<b>2,189,012</b>	<b>1,006,660</b>	<b>435,665</b>	<b>729,491</b>	<b>2,624,677</b>	<b>1,736,151</b>
Net Assets at Beginning of Year-As Restated	15,610,868	14,604,208	1,852,401	1,122,910	17,463,269	15,727,118
Net Assets at End of Year	\$17,799,880	\$15,610,868	\$2,288,066	\$1,852,401	\$20,087,946	\$17,463,269

\* - As Restated – See Note 19.

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

Net assets increased \$2,189,012 in governmental activities in 2011. Program cash receipts were primarily composed of charges for services and operating grants and contributions which were \$4,441,853 and \$12,227,608, respectively. The largest increase was in operating grants and contributions which were primarily due to increases in intergovernmental receipts. Program cash disbursements decreased primarily due to a decrease in cash disbursements in public safety, general governments cash disbursements, and human services disbursements. Property taxes and sales taxes made up 12.3 percent and 14.3 percent, respectively, of cash receipts for governmental activities for the County in 2011. Operating grants and contributions made up 42.4 percent of cash receipts for governmental activities for the County.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 41.3 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Brown County. Table 3 below shows the total and net cost of services (on the cash basis) for the County.

Table 3  
 Total Cost of Program Services  
 Governmental Activities and Business-Type Activities

	2011		2010	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
<b>Governmental Activities</b>				
General Government				
Legislative and Executive	\$4,378,330	\$2,686,012	\$4,569,742	\$2,938,156
Judicial	2,160,005	1,226,786	2,242,167	716,498
Public Safety	4,064,875	3,017,166	4,438,781	3,147,733
Public Works	4,234,236	(412,609)	4,768,435	525,732
Health	4,531,796	171,313	4,137,243	82,905
Human Services	4,251,894	558,886	4,629,850	441,139
Community and Economic Development	398,063	136,334	1,546,869	102,410
Capital Outlay	1,594,716	1,319,752	60,141	(249,473)
Debt Service				
Principal Retirement	958,750	933,430	948,750	812,710
Interest and Fiscal Charges	87,230	78,400	95,094	43,771
Issuance costs	0	0	16,000	16,000
Total Cash Disbursements -				
Governmental Activities	<u>\$26,659,895</u>	<u>\$9,715,470</u>	<u>\$27,453,072</u>	<u>\$8,577,581</u>
<b>Business-Type Activities</b>				
Solid Waste	\$1,149,235	(422,253)	\$785,073	(\$745,421)
Sewer and Water	105,983	10,588	56,914	18,233
Total Cash Disbursements -				
Business-Type Activities	<u>\$1,255,218</u>	<u>(\$411,665)</u>	<u>\$841,987</u>	<u>(\$727,188)</u>

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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***Business-Type Activities***

Business-type activities include solid waste management and water and sewer services. Overall net assets increased \$435,665 from 2010 to 2011. Program cash receipts generally supported business-type activities and during 2011 program cash receipts exceeded program cash disbursements, which resulted in the above increase. However, the water and sewer services required a transfer in of \$24,000 to subsidize their operations.

***The County's Funds***

Information about the County's major funds starts on page 13. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts of \$26,324,921 and cash disbursements of \$26,659,895. The net change in fund balance for the year was most significant in the General Fund, the Developmental Disabilities Fund, and the Auto and Gas Tax Fund. The fund balance in the General Fund increased \$807,867 primarily due to an increase in cash receipts. The fund balance of the Developmental Disabilities Fund increased \$568,771 primarily due to an increase in cash receipts. The fund balance of the Auto and Gas Tax Fund increased \$359,128 primarily due to an increase in cash receipts. The fund balance of the Job and Family Services Fund increased \$284,099 primarily due to an increase in cash receipts.

***General Fund Budgeting Highlights***

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budgeted receipts were \$9,382,172 while original budgeted receipts were \$8,287,217. The primary reasons for the increases were sales tax, charges for services and refund of prior year disbursements which were higher than originally anticipated. Actual cash basis receipts and other financing sources were \$8,663 greater than final budgeted receipts and other financing sources. Total actual disbursements and other financing uses on the budget basis (cash plus encumbrances) were \$9,412,976, which was \$717,575 below final appropriated disbursements and other financing uses. The primary reasons for these variances were that legislative and executive, judicial and transfers out were less than budgeted. The actual fund balance for the General Fund exceeded the final budgeted fund balance by \$726,238.

***Capital Assets and Debt Administration***

**Capital Assets**

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. Total capital outlay disbursements were \$1,594,716 in governmental activities and \$234,370 in business-type activities.

**Debt**

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2011, the County had \$3,587,780 in bonds and related long-term debt for governmental activities. The County also had a \$750,000 bond anticipation note payable as of December 31, 2011. For additional information on debt, please see Notes 13 & 14 to the basic financial statements.

Table 4 summarizes bonds and long-term notes outstanding for Governmental Activities for the past two years:

Table 4  
 Outstanding Debt at December 31  
 Governmental Activities

	2011	2010
General Obligation Bonds	\$1,985,000	\$2,185,000
Long Term Notes	1,400,000	0
Forgivable Debt	202,780	211,458
Totals	\$3,587,780	\$2,396,458

**Brown County, Ohio**  
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*Unaudited*

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**Current Financial Related Activities**

As the preceding information shows, the County heavily depends on its property taxpayers and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation and sales taxes are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Doug Green, County Auditor of Brown County, 800 Mt. Orab Pike, Suite 181, Georgetown, Ohio 45121, or email at [dgreen@browncountyauditor.org](mailto:dgreen@browncountyauditor.org).

**Brown County**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2011*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Grow, Inc.
<b>ASSETS:</b>				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$17,799,880	\$2,288,066	\$20,087,946	\$0
Cash and Cash Equivalents	0	0	0	60,159
<i>Total Assets</i>	<u>17,799,880</u>	<u>2,288,066</u>	<u>20,087,946</u>	<u>60,159</u>
<b>NET ASSETS:</b>				
Restricted for Debt Service	245,727	0	245,727	0
Restricted for Capital Outlay	748,539	0	748,539	0
Restricted for Public Assistance	743,427	0	743,427	0
Restricted for Mental Health	1,182,860	0	1,182,860	0
Restricted for DD/Residential Services	3,721,094	0	3,721,094	0
Restricted for Real Estate Assessment	1,204,433	0	1,204,433	0
Restricted for Emergency Services	380,653	0	380,653	0
Restricted for Childrens Services	864,597	0	864,597	0
Restricted for Motor Vehicle Gas Tax	4,374,832	0	4,374,832	0
Restricted for Courts	1,157,595	0	1,157,595	0
Restricted for Other Purposes	216,335	0	216,335	0
Unrestricted	<u>2,959,788</u>	<u>2,288,066</u>	<u>5,247,854</u>	<u>60,159</u>
<i>Total Net Assets</i>	<u>\$17,799,880</u>	<u>\$2,288,066</u>	<u>\$20,087,946</u>	<u>\$60,159</u>

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



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**Brown County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2011*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government:				
Legislative and Executive	\$4,378,330	\$1,605,784	\$86,534	\$0
Judicial	2,160,005	763,804	169,415	0
Public Safety	4,064,875	801,553	246,156	0
Public Works	4,234,236	646,012	4,000,833	0
Health	4,531,796	171,561	4,188,922	0
Human Services	4,251,894	422,080	3,270,928	0
Community and Economic Development	398,063	5,659	256,070	0
Capital Outlay	1,594,716	0	0	274,964
Debt Service:				
Principal Retirement	958,750	16,570	8,750	0
Interest and Fiscal Charges	87,230	8,830	0	0
<i>Total Governmental Activities</i>	<u>26,659,895</u>	<u>4,441,853</u>	<u>12,227,608</u>	<u>274,964</u>
<b>Business-Type Activities:</b>				
Solid Waste	1,149,235	1,571,488	0	0
Sewer and Water	105,983	37,445	0	57,950
<i>Total Business-Type Activities</i>	<u>1,255,218</u>	<u>1,608,933</u>	<u>0</u>	<u>57,950</u>
<b>Component Unit:</b>				
Grow, Inc.	115,403	105,550	50,023	0
<i>Total Component Unit</i>	<u>115,403</u>	<u>105,550</u>	<u>50,023</u>	<u>0</u>
<b>Totals</b>	<u><u>\$28,030,516</u></u>	<u><u>\$6,156,336</u></u>	<u><u>\$12,277,631</u></u>	<u><u>\$332,914</u></u>

**General Cash Receipts and Transfers**

Property Taxes Levied for:  
  General Purposes  
  DD Purposes  
  Other Purposes  
Sales Taxes Levied for General Purposes  
Sales Taxes Levied for 911 Services  
Grants and Entitlements Not  
  Restricted to Specific Programs  
Miscellaneous  
Interest  
Refund of Prior Year Disbursements  
Proceeds from Bond Anticipation Notes  
General Obligation Bonds Issued  
Transfers In (Out), Net

*Total General Cash Receipts and Transfers*

*Change in Net Assets*

*Net Assets Beginning of Year - As Restated*

*Net Assets End of Year*

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

Net (Disbursements) Receipts and Changes in Net Assets			Component Unit
Governmental Activities	Business-Type Activities	Total	Grow, Inc.
(\$2,686,012)	\$0	(\$2,686,012)	\$0
(1,226,786)	0	(1,226,786)	0
(3,017,166)	0	(3,017,166)	0
412,609	0	412,609	0
(171,313)	0	(171,313)	0
(558,886)	0	(558,886)	0
(136,334)	0	(136,334)	0
(1,319,752)	0	(1,319,752)	0
(933,430)	0	(933,430)	0
(78,400)	0	(78,400)	0
<u>(9,715,470)</u>	<u>0</u>	<u>(9,715,470)</u>	<u>0</u>
0	422,253	422,253	0
<u>0</u>	<u>(10,588)</u>	<u>(10,588)</u>	<u>0</u>
<u>0</u>	<u>411,665</u>	<u>411,665</u>	<u>0</u>
			<u>40,170</u>
			<u>40,170</u>
			<u>40,170</u>
2,326,011	0	2,326,011	0
1,069,690	0	1,069,690	0
153,577	0	153,577	0
3,435,105	0	3,435,105	0
682,889	0	682,889	0
			0
1,322,424	0	1,322,424	0
179,733	0	179,733	0
211,067	0	211,067	0
397,986	0	397,986	0
750,000	0	750,000	0
1,400,000	0	1,400,000	0
(24,000)	24,000	0	0
<u>11,904,482</u>	<u>24,000</u>	<u>11,928,482</u>	<u>0</u>
2,189,012	435,665	2,624,677	40,170
<u>15,610,868</u>	<u>1,852,401</u>	<u>17,463,269</u>	<u>19,989</u>
<u>\$17,799,880</u>	<u>\$2,288,066</u>	<u>\$20,087,946</u>	<u>\$60,159</u>

**Brown County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2011*

	General	Developmental Disabilities	Job and Family Services	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Equity in Pooled Cash, Cash Equivalents, and Investments	\$2,959,788	\$2,235,922	\$709,899	\$4,374,832	\$7,519,439	\$17,799,880
<i>Total Assets</i>	<u>2,959,788</u>	<u>2,235,922</u>	<u>709,899</u>	<u>4,374,832</u>	<u>7,519,439</u>	<u>17,799,880</u>
<b>FUND BALANCES:</b>						
Non Spendable	130,690	-	-	-	-	130,690
Restricted	-	2,235,922	709,899	4,374,832	7,519,439	14,840,092
Assigned	280,204	-	-	-	-	280,204
Unassigned	<u>2,548,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,548,894</u>
<i>Total Fund Balances</i>	<u>\$2,959,788</u>	<u>\$2,235,922</u>	<u>\$709,899</u>	<u>\$4,374,832</u>	<u>\$7,519,439</u>	<u>\$17,799,880</u>

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

**Brown County**  
*Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Developmental Disabilities	Job and Family Services	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
<b>CASH RECEIPTS:</b>						
Property Taxes	\$2,326,011	\$1,069,690	\$0	\$0	\$153,577	\$3,549,278
Sales Taxes	3,435,105	0	0	0	682,889	4,117,994
Charges for Services	1,791,928	0	169,415	615,236	1,330,062	3,906,641
Licenses and Permits	0	0	0	0	72,625	72,625
Fines and Forfeitures	316,857	0	0	14,920	130,810	462,587
Intergovernmental	1,058,728	1,312,732	2,799,132	3,867,249	4,781,310	13,819,151
Interest	174,521	0	0	36,546	0	211,067
Contributions and Donations	0	0	0	0	5,845	5,845
Other	157,212	0	0	0	22,521	179,733
<i>Total Cash Receipts</i>	<u>9,260,362</u>	<u>2,382,422</u>	<u>2,968,547</u>	<u>4,533,951</u>	<u>7,179,639</u>	<u>26,324,921</u>
<b>CASH DISBURSEMENTS:</b>						
<b>Current:</b>						
<b>General Government:</b>						
Legislative and Executive	3,944,764	0	0	0	433,566	4,378,330
Judicial	1,521,265	0	0	0	638,740	2,160,005
Public Safety	2,530,700	0	0	0	1,534,175	4,064,875
Public Works	59,222	0	0	4,174,823	191	4,234,236
Health	70,216	1,813,651	0	0	2,647,929	4,531,796
Human Services	433,465	0	2,684,448	0	1,133,981	4,251,894
Community and Economic Development	0	0	0	0	398,063	398,063
Capital Outlay	0	0	0	0	1,594,716	1,594,716
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	958,750	958,750
Interest and Fiscal Charges	0	0	0	0	87,230	87,230
Issuance Costs	0	0	0	0	0	0
<i>Total Cash Disbursements</i>	<u>8,559,632</u>	<u>1,813,651</u>	<u>2,684,448</u>	<u>4,174,823</u>	<u>9,427,341</u>	<u>26,659,895</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>700,730</u>	<u>568,771</u>	<u>284,099</u>	<u>359,128</u>	<u>(2,247,702)</u>	<u>(334,974)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from Bond Anticipation Notes	0	0	0	0	750,000	750,000
Refund of Prior Year Disbursements	397,986	0	0	0	0	397,986
Transfers In	0	0	0	0	263,349	263,349
Advances In	65,500	0	0	0	69,000	134,500
General Obligation Bonds Issued	0	0	0	0	1,400,000	1,400,000
Transfers Out	(287,349)	0	0	0	0	(287,349)
Advances Out	(69,000)	0	0	0	(65,500)	(134,500)
<i>Total Other Financing Sources (Uses)</i>	<u>107,137</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,416,849</u>	<u>2,523,986</u>
<i>Net Change in Fund Cash Balances</i>	807,867	568,771	284,099	359,128	169,147	2,189,012
<i>Fund Cash Balance at Beginning of Year - As Restated</i>	<u>2,151,921</u>	<u>1,667,151</u>	<u>425,800</u>	<u>4,015,704</u>	<u>7,350,292</u>	<u>15,610,868</u>
<i>Fund Cash Balance at End of Year</i>	<u>\$2,959,788</u>	<u>\$2,235,922</u>	<u>\$709,899</u>	<u>\$4,374,832</u>	<u>\$7,519,439</u>	<u>\$17,799,880</u>

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

**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2011*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
<b>RECEIPTS:</b>				
Property Taxes	\$2,236,000	\$2,340,187	\$2,326,011	(\$14,176)
Sales Taxes	3,200,000	3,456,042	3,435,105	(20,937)
Charges for Services	1,279,492	1,473,313	1,464,388	(8,925)
Fines and Forfeitures	353,500	318,788	316,857	(1,931)
Intergovernmental	943,384	1,065,181	1,058,728	(6,453)
Interest	105,000	175,585	174,521	(1,064)
Other	169,841	152,664	151,739	(925)
<i>Total Receipts</i>	<u>8,287,217</u>	<u>8,981,760</u>	<u>8,927,349</u>	<u>(54,411)</u>
<b>DISBURSEMENTS:</b>				
Current:				
General Government:				
Legislative and Executive	3,628,467	4,422,487	4,081,231	341,256
Judicial	1,258,114	1,540,582	1,386,080	154,502
Public Safety	2,435,195	2,590,190	2,588,721	1,469
Public Works	59,264	59,264	59,222	42
Health	70,484	70,610	70,346	264
Human Services	469,460	488,717	449,375	39,342
<i>Total Disbursements</i>	<u>7,920,984</u>	<u>9,171,850</u>	<u>8,634,975</u>	<u>536,875</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>366,233</u>	<u>(190,090)</u>	<u>292,374</u>	<u>482,464</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refund of Prior Year Disbursements	0	400,412	397,986	(2,426)
Transfers Out	(317,608)	(958,701)	(709,001)	249,700
Advances In	0	0	65,500	65,500
Advances Out	0	0	(69,000)	(69,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(317,608)</u>	<u>(558,289)</u>	<u>(314,515)</u>	<u>243,774</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	48,625	(748,379)	(22,141)	726,238
<i>Fund Balance at Beginning of Year</i>	1,569,030	1,569,030	1,569,030	0
<i>Prior Year Encumbrances Appropriated</i>	<u>170,752</u>	<u>170,752</u>	<u>170,752</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,788,407</u></u>	<u><u>\$991,403</u></u>	<u><u>\$1,717,641</u></u>	<u><u>\$726,238</u></u>

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

**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2011*

	Developmental Disabilities Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$1,001,000	\$1,001,000	\$1,069,690	\$68,690
Intergovernmental	936,026	936,026	1,312,732	376,706
<i>Total Receipts</i>	<u>1,937,026</u>	<u>1,937,026</u>	<u>2,382,422</u>	<u>445,396</u>
DISBURSEMENTS:				
Current:				
General Government:				
Health	2,160,068	2,351,510	1,988,972	362,538
<i>Total Disbursements</i>	<u>2,160,068</u>	<u>2,351,510</u>	<u>1,988,972</u>	<u>362,538</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(223,042)</u>	<u>(414,484)</u>	<u>393,450</u>	<u>807,934</u>
<i>Fund Balance at Beginning of Year</i>	1,551,929	1,551,929	1,551,929	0
<i>Prior Year Encumbrances Appropriated</i>	<u>115,222</u>	<u>115,222</u>	<u>115,222</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,444,109</u>	<u>\$1,252,667</u>	<u>\$2,060,601</u>	<u>\$807,934</u>

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

**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2011*

	Auto and Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$ 229,500	\$ 229,500	\$ 615,236	\$ 385,736
Fines and Forfeitures	12,000	12,000	14,920	2,920
Intergovernmental	3,800,000	3,800,000	3,867,249	67,249
Interest	60,000	60,000	36,546	(23,454)
<i>Total Receipts</i>	<u>4,101,500</u>	<u>4,101,500</u>	<u>4,533,951</u>	<u>432,451</u>
DISBURSEMENTS:				
Current:				
Public Works	4,094,000	4,974,716	4,478,380	496,336
<i>Total Disbursements</i>	<u>4,094,000</u>	<u>4,974,716</u>	<u>4,478,380</u>	<u>496,336</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>7,500</u>	<u>(873,216)</u>	<u>55,571</u>	<u>928,787</u>
<i>Fund Balance at Beginning of Year</i>	3,951,684	3,951,684	3,951,684	0
<i>Prior Year Encumbrances Appropriated</i>	<u>64,020</u>	<u>64,020</u>	<u>64,020</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,023,204</u></u>	<u><u>\$3,142,488</u></u>	<u><u>\$4,071,275</u></u>	<u><u>\$928,787</u></u>

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



**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2011*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$0	\$0	\$169,415	\$169,415
Intergovernmental	2,970,777	2,970,777	2,799,132	(171,645)
<i>Total Receipts</i>	<u>2,970,777</u>	<u>2,970,777</u>	<u>2,968,547</u>	<u>(2,230)</u>
DISBURSEMENTS:				
Current:				
Human Services	3,016,110	3,120,799	2,774,436	346,363
<i>Total Disbursements</i>	<u>3,016,110</u>	<u>3,120,799</u>	<u>2,774,436</u>	<u>346,363</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(45,333)</u>	<u>(150,022)</u>	<u>194,111</u>	<u>344,133</u>
OTHER FINANCING SOURCES:				
Transfers In	0	88,500	0	(88,500)
<i>Total Other Financing Sources</i>	<u>0</u>	<u>88,500</u>	<u>0</u>	<u>(88,500)</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements</i>	<u>(45,333)</u>	<u>(61,522)</u>	<u>194,111</u>	<u>255,633</u>
<i>Fund Balance at Beginning of Year</i>	321,818	321,818	321,818	0
<i>Prior Year Encumbrances Appropriated</i>	<u>103,982</u>	<u>103,982</u>	<u>103,982</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$380,467</u></u>	<u><u>\$364,278</u></u>	<u><u>\$619,911</u></u>	<u><u>\$255,633</u></u>

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

**Brown County**  
*Statement of Cash Basis Assets and Net Assets*  
*Proprietary Funds*  
*As of December 31, 2011*

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	Solid Waste	Other Enterprise	Total Enterprise Funds
ASSETS:			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$2,270,526	\$17,540	\$2,288,066
NET ASSETS:			
Unrestricted	\$2,270,526	\$17,540	\$2,288,066

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

**Brown County**  
*Statement of Cash Receipts, Cash Disbursements and  
 Changes in Cash Basis Net Assets  
 Proprietary Funds  
 For the Year Ended December 31, 2011*

	<u>Solid Waste</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$1,571,488	\$37,445	\$1,608,933
<i>Total Operating Cash Receipts</i>	<u>1,571,488</u>	<u>37,445</u>	<u>1,608,933</u>
<b>OPERATING CASH DISBURSEMENTS:</b>			
Salaries and Wages	0	41,943	41,943
Fringe Benefits	0	6,839	6,839
Contractual Services	914,865	45,120	959,985
Materials and Supplies	0	0	0
Capital Outlay	234,370	0	234,370
Other	0	12,081	12,081
<i>Total Operating Cash Disbursements</i>	<u>1,149,235</u>	<u>105,983</u>	<u>1,255,218</u>
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	<u>422,253</u>	<u>(68,538)</u>	<u>353,715</u>
Capital Contributions	0	57,950	57,950
Transfers In	0	24,000	24,000
<i>Changes in Net Cash Assets</i>	422,253	13,412	435,665
<i>Net Cash Assets at Beginning of Year</i>	<u>1,848,273</u>	<u>4,128</u>	<u>1,852,401</u>
<i>Net Cash Assets at End of Year</i>	<u><u>\$2,270,526</u></u>	<u><u>\$17,540</u></u>	<u><u>\$2,288,066</u></u>

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

**Brown County**  
*Statement of Fiduciary Net Assets*  
*Agency Funds*  
*As of December 31, 2011*

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	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 3,612,363
Cash and Cash Equivalents in Segregated Accounts	<u>828,325</u>
<i>Total Assets</i>	<u>4,440,688</u>
NET ASSETS:	
Unrestricted	<u>4,440,688</u>
<i>Total Net Assets</i>	<u><u>\$4,440,688</u></u>

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

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

Brown County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The county operates under the direction of a three-member Board of County Commissioners. The County Auditor is responsible for the fiscal controls of the resources of the County, which are maintained in the funds described herein. The County Treasurer is the custodian of funds and the investment officer. The voters of the County elect all of these officials. Other elected officials of the County that manage various segments of county operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecutor, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Judge. Services provided by the County include general government, public safety, health, public works, human services, maintenance of highways and roads, and economic development. 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**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County 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 Developmental Disabilities, Brown County Board of Alcohol, Drug Addiction and Mental Health Services, 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.

The Brown County General Hospital (the Hospital) operated under the authority of Section 339, Ohio Revised Code. It was governed by a Board of Trustees appointed by the County Commissioners, the Probate Judge and the Common Pleas Court Judge of Brown County. The Hospital was not considered legally separate from the County. The Hospital prepared its financial statements in accordance with a basis of accounting, which is different from that used by the County, and consequently, the Hospital's financial activity through June 2011 is not presented on the County's financial statements. In June 2011; the Hospital sold substantially all assets and transferred substantially all liabilities to Southwest Healthcare of Brown County Ohio, LLC and Delaware Limited Liability Company, located in Scottsdale, Arizona. As such, as of December 31, 2011, the Hospital is not considered a component unit of the County.

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

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

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 and 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 include 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.

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

**NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

The Brown County Board of DD provides Grow, Inc. with staff salaries, transportation, equipment, staff of administer and subversive ranging programs, and other funds necessary for the operation of Grow, Inc. and Grow's sole purpose of providing assistance to the mentally and/or physically handicapped adults of Brown County. Grow is a component unit of the County and is presented as a component unit in these financial statements.

The County is associated with certain organizations, which are defined as joint ventures, jointly governed organizations or risk sharing pool and a group purchasing pool. These organizations are:

- Brown County Emergency Management Agency
- Ohio Valley Resource Conservation and Development Area, Inc.
- Workforce Investment Board
- Private Industry Council
- County Risk Sharing Authority (CORSA)
- County Commissioners' Association of Ohio Workers' Compensation Group Rating Program

*Brown County Emergency Management Agency* - Brown County Emergency Management Agency is a joint venture between the County, Township and Villages. The executive committee consists of a county commissioner, seven chief executives from municipalities and sixteen from townships, with money provided by the members, which is reimbursed by the State. The degree of control is limited to the individual representation on the board.

*Ohio Valley Resource Conservation and Development Area, Inc.* - 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 appoint three members to a thirty member council. The Council selects an administrator to oversee operations. Each entity contributes \$250 annually; other revenue is from USDA grants. Brown County does not have any ongoing financial interest or responsibilities nor can it significantly influence management.

*Workforce Investment Board* – The Workforce Investment Board is a jointly governed organization of representatives from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county. The forty-eight-member board includes twelve members from each participating county and includes fifty-one percent of its members from the private sector. The remaining members include individuals from education, one-stop partners, juvenile justice centers, labor organizations, local public housing and former participants. The Workforce Investment Board typically meets three to four times per year and is responsible for the five year plan, selecting one stop operators, selecting youth providers and coordinating all activities in association with Workforce Improvement Act funds. This board enables the participating counties to have more local control over the programs, which they assist in overseeing. The Workforce Advisory Board received no contributions from the County during 2011.

*Private Industry Council* - The Private Industry Council (PIC) is 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)* - County Risk Sharing Authority (CORSA) is a shared risk pool among fifty-seven counties in Ohio. CORSA was formed as an Ohio nonprofit 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 coverage provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public official's errors and omissions liability insurance.

**NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of CORSA. County Commissioners of members' counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

CORSA has issued 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 Certificates were retired on May 1, 1997. The County has equity interest in CORSA. The County's payment for insurance of CORSA in 2011 was \$193,299. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

*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 Ohio (CCAO) is 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 participants at a meeting held in the month of December each year elect the remaining five members for the ensuing 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

Although required by Ohio Administrative Code, Section 117-2-03 (B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements and notes on a basis of cash receipts and disbursements. The cash receipts and disbursement basis is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**A. Basis of Presentation**

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other

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

nonexchange transactions. Business-type activities generally are financed through user charges and other related areas.

The statement of net assets presents the cash balance, of the governmental activities and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function or program. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts, which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental or business-type program is self-financing on a cash basis or draws from the general receipts of the County.

**Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The County uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The County classifies each fund as either governmental, proprietary or fiduciary.

**Governmental Funds**

Governmental: The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the County's major governmental funds:

*General Fund*

The General Fund accounts for all financial resources except for those accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to Ohio law.

*Developmental Disabilities Fund*

This fund is to account for the operation of a school for the developmentally disabled and handicapped. Revenue sources are a county-wide property tax levy and federal and state grants.

*Job and Family Services Fund*

This fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.



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

*Auto and Gas Tax Fund*

This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose.

**Proprietary Funds**

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type.

*Enterprise Funds*

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. For the County, enterprise funds are the major Solid Waste Fund, which is used to account for the activities related to solid waste disposal in the County, and the non-major Water and Sewer Fund, which is used to account for water and sewer activities in the County.

**Fiduciary Funds**

Fiduciary funds account for cash and investments where the County is acting as trustee or fiscal agent for other entities. The following is the County's significant fiduciary fund type:

*Agency Funds*

Agency funds are used to account for assets held by a government unit as an agent for individuals, other governmental units, and/or other funds.

**C. Basis of Accounting**

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All transactions, except for advances, for all funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

**E. Cash and Investments**

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as “Equity in Pooled Cash, Cash Equivalents, and Investments”.

Cash and cash equivalents that are held separately within departments of the County are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Accordingly, investments of the cash management pool are reported as “Equity in Pooled Cash, Cash Equivalents, and Investments”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2011, the County invested in Goldman Sachs Financial Square Money Market Mutual Fund, federal agency securities, and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2011.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund and Auto and Gas Tax Fund during 2011 were \$174,521 and \$36,546, respectively.

**F. Inventory and Prepaid Items**

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying basic financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

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

**H. Interfund Receivables/Payables**

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. In the government-wide financial statements advances within governmental activities or within business-type activities are eliminated.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally retarded, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The government-wide Statement of Net Assets – Cash Basis reports \$14,840,092 of restricted net assets, none of which are restricted by enabling legislation.

**M. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the County Commissioners.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**N. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund transfers within governmental activities or within business-type activities are eliminated. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the basic financial statements.

**NOTE 3 – COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budgetary basis presented for the General Fund and each major special revenue fund is prepared in the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis) and certain funds being reported as part of the General fund for cash reporting purposes, but being excluded for budgetary reporting purposes.. The reconciliation between the cash basis ending fund balances and the budgetary basis fund balances for the General Fund and the major special revenue funds is as follows:

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)**

	<b>General</b>	<b>Developmental Disabilities</b>	<b>Job and Family Services</b>	<b>Auto and Gas</b>
Cash Basis Fund Balance	\$2,959,788	\$2,235,922	\$709,899	\$4,374,832
Encumbrances	(277,154)	(175,321)	(89,988)	(303,557)
Perspective Difference: Activity of funds Reclassified for GAAP Reporting Purposes	(964,993)	0	0	0
Budget Basis (Net Change in Pooled Cash)	<u>\$1,717,641</u>	<u>\$2,060,601</u>	<u>\$619,911</u>	<u>\$4,071,275</u>

**NOTE 5 – EQUITY IN POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS**

State statutes classify monies held by the County into two categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories.

Inactive monies may be deposited or invested in the following securities:

- A. 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 and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the 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;
- C. 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;
- D. 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;
- E. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- F. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- G. The State Treasurer's investment pool (STAR Ohio);
- H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (A) or (B) or cash or both securities and cash, equal value for equal value;
- I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 5 – EQUITY IN POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- J. Bankers’ acceptance and commercial paper notes for a period not to exceed two hundred and seventy days and in an amount not to exceed ten percent of the County’s total average portfolio; and
- K. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

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.

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 \$3,000 in undeposited cash on hand which is included as part of “Equity in Pooled Cash, Cash Equivalents, and Investments”.

**Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the County’s deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County has no deposit policy for custodial risk beyond the requirements of State statute.

The County’s bank balance of \$24,897,309 is either covered by FDIC or collateralized by the financial institutions’ public entity deposit pools in the manner as described above.

**Investments**

As of December 31, 2011, the County had the following investments:

Investment Type	Carrying Value	Investment Matures in Less than 1 Year
STAR Ohio	400,646	400,646
Total Investments	\$400,646	\$400,646

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County’s investment policy addresses interest rate risk by requiring that the County’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**NOTE 5 – EQUITY IN POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County has no deposit policy for custodial risk beyond the requirements of State statute.

STAR Ohio carries a rating of AAAm by Standard and Poor's. The County has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The repurchased agreement is not rated.

**NOTE 6 – PERMISSIVE SALES TAX**

In 1990, in accordance with Section 5739.021 of the Revised Code, the County Commissioners, by resolution, imposed a 1% 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. Proceeds of the tax are credited to the General Fund. The Brown County Commissioners implemented an additional .25% in March of 2010. A referendum was placed on the ballot on May 4, 2010 which failed. Due to the timeline, collection of the additional .25% sales tax could not begin until October 1, 2010.

In 1993 an additional ½% sales and use tax was passed, and then rolled back to ¼%, by the voters for the purpose of funding and operation of a 9-1-1 system in the County. Vendor collections of tax are paid to the State Treasurer by the 23rd day of the month following collection. Proceeds of the tax are credited to the 9-1-1 Emergency Special Revenue Fund. The State Tax Commissioner certified to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Permissive sales tax revenue for 2011 amounted to \$3,435,105 for the General Fund and \$682,889 for the 9-1-1 Fund.

**NOTE 7 – PROPERTY TAX**

Real property taxes are levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) are for 2011 taxes.

2011 real property taxes are levied after October 1, 2011 on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35% of appraised market value. 2011 real property taxes are collected and intended to finance 2012.

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 alternate payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at 35% of true value. 2011 public utility property taxes became a lien December 31, 2010 are levied after October 1, 2010 are collected in 2011 with real property taxes.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 7 – PROPERTY TAX (continued)**

2011 tangible personal property taxes are levied after October 1, 2010 on the value as of December 31, 2010. Collections are made in 2011. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2011 is 0 percent. Payments 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 3, with the remainder due September 20.

The full tax rate applied to real property for the fiscal year ended December 31, 2011 was \$7.60 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$7.13 per \$1,000 of assessed valuation of real property classified as residential/agricultural and \$7.34 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

The County Auditor reappraises all real property every six years with a triennial update. The last reappraisal was completed for tax year 2006 and the next update was completed for tax year 2010.

Real Property:	2011	2010
Residential/Agricultural	\$624,580,720	\$622,076,110
Commercial/Industrial	64,111,060	64,887,460
Total Real Property	688,691,780	\$686,963,570
Tangible Personal Property:		
Public Utilities	35,369,730	33,789,100
General	0	0
Total Tangible Property	35,369,730	33,789,100
Total All Property	\$724,061,510	\$720,752,670

The Brown County Treasurer collects property tax on behalf of all taxing districts within the County. The Brown County Auditor periodically remits to the taxing districts their portions of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

**NOTE 8 – RISK MANAGEMENT**

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

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 fifty-seven members. Under the CORSA program general liability, auto liability, error and omission liability, and law enforcement liability are covered in the amount of \$1,000,000, with a \$2,500 deductible. The limit applies to any one occurrence of loss, with no annual aggregate except for the Error and Omissions Liability and General Liability on Products and Completed Operations Limit, which both have the same per occurrence and annual aggregate limit. In addition, the County has \$5,000,000 of excess liability coverage, which has no deductible. This coverage is for claims in excess of underlying limits for general liability, law enforcement liability, automotive liability, and errors and omissions liability, with the exception of stop gap liability and uninsured/underinsured motorists. Real and personal property damage is on a replacement cost basis. Equipment breakdown coverage has a combined limit with property damage, business income, extra expense, and service interruption of \$100,000,000 for each accident. There are several additional sublimits which have various coverage amounts for each accident. Settled claims have not exceeded this commercial coverage in any of the last three years.



**NOTE 8 – RISK MANAGEMENT (continued)**

There have been no significant reductions in coverage from last year.

Employee dishonesty/faithful performance, money and securities (loss inside and out the premises), money orders and counterfeit currency, and depositor's forgery are covered in the amount of \$1,000,000 aggregate per occurrence.

Workers' Compensation benefits are provided through the Ohio Bureau of Workers' Compensation. In 2011, 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 1). 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 that 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 CompManagement 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 cost 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 years following the last year of participation.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System (OPERS)**

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
  - 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
  - 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
  - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The member contribution rates were 10.0%, 10.0% and 10.0% for 2011, 2010 and 2009, respectively, for the County. Public safety and law enforcement members contributed 11.0% and 11.6% respectively for 2011 and 10.5% and 10.1% for the years 2010 and 2009. The employer contribution rate for state and local employers was 14%, 14% and 14% of covered payroll for 2011, 2010 and 2009, respectively, for the County. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll. The County's pension contributions to OPERS for the years ended December 31, 2011, 2010 and 2009 were \$1,015,242, \$944,833 and \$797,275, respectively, which were equal to the required contributions for those years.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2011, none have elected Social Security.

**NOTE 10 – POST EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System (OPERS)**

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described

in GASB Statement No. 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2011, the County contributed at 14.0% of covered

**NOTE 10 – POST EMPLOYMENT BENEFITS (Continued)**

payroll for employees other than law enforcement and public safety. The Ohio Revised Code currently limits this employer contribution rate not to exceed 14.0% of covered payroll. In 2011, the County contributed at 18.10% of covered payroll for law enforcement and public safety employees. The Ohio Revised Code currently limits this employer contribution rate not to exceed 18.10% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. For 2010, the employer contributions allocated to the health care plan was 5.5% for January through February and 5.0% for March through December. For 2009, it was 7.0% for January through March and 5.0% for April through December. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The OPERS Board of Trustees 281 is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$281,580, \$483,896, \$576,492 for 2011, 2010 and 2009, respectively.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**NOTE 11 – OTHER EMPLOYEE BENEFITS**

**Insurance Benefits**

The County provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance, with a Health Savings Account plan. The County has elected to provide employee medical/surgical benefits through Meritain Health. 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.

**NOTE 12 – CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, the County Commissioners believe such refunds, if any, would not be material.

The County has various cases pending, the outcome of which is not determinable as of the date of this report; however, management believes that the resolution of these matters will not materially adversely affect the County's financial condition.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

**NOTE 13 – NOTE PAYABLE**

The changes in the County’s notes payable during the year consist of the following:

	Principal Outstanding 12/31/10	Additions	Reductions	Principal Outstanding 12/31/11	Amounts Due In One Year
Bond Anticipation Note	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Total Obligations	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>

The 2010 Bond Anticipation Note was issued in the amount of \$750,000 on February 17, 2010 to finance real estate acquisition from Brown County General Hospital. The 2010 Bond Anticipation Note matured on February 17, 2011. This note was paid off by issuing 2011 Bond Anticipation Notes in the amount of \$750,000 at an interest rate of 3.75% maturing February 17, 2012. The Debt Service Fund will repay this note.

**NOTE 14 – LONG-TERM DEBT**

The changes in the County’s long-term obligations during the year consist of the following:

Governmental Activities	Principal Outstanding 12/31/10	Additions	Reductions	Principal Outstanding 12/31/11	Amounts Due In One Year
<b>General Obligation Bonds:</b>					
Brown County Public Library					
District Refunding Bonds	\$180,000	\$0	\$15,000	\$165,000	\$15,000
Mental Health Program					
Refunding Bonds	1,205,000	0	185,000	1,020,000	190,000
Emergency Communications					
Systems Limited Tax Bonds	800,000	0	0	800,000	35,000
Total General Obligations Bonds	<u>2,185,000</u>	<u>0</u>	<u>200,000</u>	<u>1,985,000</u>	<u>240,000</u>
<b>Other Long-Term Obligations:</b>					
County Courthouse Repair Note	\$0	\$750,000	\$0	\$750,000	\$64,402
Probate Court Note	0	650,000	0	650,000	55,815
Forgivable Debt(Mental Health)	211,458	0	8,750	202,780	8,750
Total Other Long-Term Obligations	<u>211,458</u>	<u>1,400,000</u>	<u>8,750</u>	<u>1,602,780</u>	<u>128,967</u>
Total General and Other Long-Term Obligations	<u>\$2,396,458</u>	<u>\$1,400,000</u>	<u>\$208,750</u>	<u>\$3,587,780</u>	<u>\$368,967</u>

The County’s total legal debt margin was \$61,577,828 with an unvoted debt margin of \$7,240,615.

During fiscal year 2010, the County issued \$800,000 in Emergency Communication Systems Limited Tax General Obligation Bonds to finance improvements to the County’s emergency communications systems. These bonds were issued at interest rates ranging from 4.7% to 7.0% and mature December 1, 2026. These bonds will be retired from the debt service fund.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

**NOTE 14 – LONG-TERM DEBT (continued)**

In fiscal year 2008, the County issued \$1,735,000 in Public Library District Fractionalized Interest Bonds to refund \$1,735,000 in outstanding bonds. The Brown County Public Library District Fractionalized Interest 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. During fiscal year 2008, the County issued \$225,000 in Mental Health Project Fractionalized Interest Bonds to refund \$221,603 in outstanding bonds. The Mental Health Project Fractionalized Interest Bonds will be paid from Mental Health revenues.

In fiscal year 2011, the County issued a \$650,000 note to acquire Commercial Real Estate from 510 East State Street LLC. The County agreed to pay Merchants National Bank, semi-annual payments of \$38,415.67 beginning on March 19, 2012. The note was issued at an interest rate of 3.25% and will mature September 19, 2021.

During 2011, the County issued a note for \$750,000 in order to make various repairs to the County Courthouse. Merchants National Bank, the lender, will be paid 20 consecutive payments semi-annually of \$44,327.84 beginning April 17, 2012. The note has an interest rate of 3.25% and will mature October 17, 2021.

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 building construction thereon for the use in providing mental health services to the residents of 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 immediately become due. 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. The mortgage loan payable represents twenty-five percent of the land purchase and construction costs which the County was required to pay.

A summary of amortization requirements for the County's long term debt is as follows:

Years Ended December 31,	Mental Health General Obligations		Library General Obligation		Emergency Communication General Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	190,000	45,119	15,000	7,431	35,000	48,735
2013	195,000	37,756	20,000	6,850	40,000	47,090
2014	205,000	29,956	20,000	6,050	40,000	45,210
2015	210,000	21,500	20,000	5,225	45,000	43,330
2016	220,000	11,000	20,000	4,225	45,000	41,215
2017-2021	-	-	70,000	6,563	255,000	166,400
2022-2026	-	-	-	-	340,000	73,850
<b>Total</b>	<b>\$1,020,000</b>	<b>\$145,331</b>	<b>\$165,000</b>	<b>\$36,344</b>	<b>\$800,000</b>	<b>\$465,830</b>

Years Ended December 31,	County Courthouse Repair Long Term Notes		Probate Court Long Term Notes	
	Principal	Interest	Principal	Interest
2012	64,402	24,254	55,815	21,016
2013	66,610	22,045	57,729	19,102
2014	68,824	19,832	59,647	17,185
2015	71,110	17,545	61,628	15,203
2016	73,428	15,227	63,638	13,194
2017-2021	405,626	37,653	351,543	32,613
<b>Total</b>	<b>\$750,000</b>	<b>\$136,556</b>	<b>\$650,000</b>	<b>\$118,313</b>

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 15 – INTERFUND TRANSFERS/ADVANCES**

Interfund cash transfers for the year ended December 31, 2011, were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ -	\$ 287,349
Job and Family Services Fund	-	-
Developmental Disabilities	-	-
Other Governmental Funds	263,349	-
Other Enterprise Funds	24,000	-
	\$ 287,349	\$ 287,349

The General Fund transfers monies to the Job & Family Services Fund and other governmental funds to assist in meeting operational needs or debt service requirements. The transfers from the general fund to the other governmental and enterprise funds represent transfers for operational needs or debt service requirements which are within legal compliance guidelines.

Interfund cash advances for the year ended December 31, 2011, were as follows:

	<b>Advances In</b>	<b>Advances Out</b>
General Fund	\$ 65,500	\$ 69,000
Other Governmental Funds	69,000	65,500
	\$ 134,500	\$ 134,500

The General Fund advances monies to the other governmental funds to assist in meeting cash flow requirements. The advances from the other governmental funds to the General Fund represent the return of advances made.

**NOTE 16 – ACCUMULATED UNPAID VACATION, PERSONAL, COMPENSATORY TIME & SICK LEAVE**

Accumulated unpaid vacation, personal, compensatory time and sick leave are not accrued under the cash basis of accounting described in Note 2. All leave will either be absorbed by time off from work, or within certain limitation, be paid to the employees. The liability is not recorded on the basic financial statements.

**NOTE 17 – BROWN COUNTY HOSPITAL**

In June 2011, the Brown County Hospital, sold substantially all assets and transferred substantially all liabilities to Southwest Healthcare of Brown County Ohio, LLC, and Delaware Limited Liability Company located in Scottsdale, Arizona. As such the Hospital is no longer considered a component unit of the County as of December 31, 2011.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 18 – SUBSEQUENT EVENT**

On February 17, 2012 the County paid off \$750,000 in 2011 Bond Anticipation Notes through the issuance of \$750,000 in 2012 Bond Anticipation Notes with an interest rate of 3.75% maturing February 17, 2013.

**NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES/RESTATEMENT OF BALANCES**

For fiscal year 2011, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The implementation of this statement resulted in the reclassification of certain funds, and resulted in a beginning balance restatement as follows:

	General Fund	Other Governmental Funds	Agency Fund	Governmental Activities
Balance January 1, 2011	\$ 1,787,194	\$ 7,589,801	\$ 4,498,865	15,485,650
GASB 54	364,727	(239,509)	(125,218)	125,218
Restated Balance January 1, 2011	\$ 2,151,921	\$ 7,350,292	\$ 4,373,647	\$ 15,610,868

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

**NOTE 20 – FUND BALANCE**

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

Fund Balance	General	Developmental Disabilities	Auto and Gas Tax	Job and Family Services	All Other Governmental	Total Governmental Funds
<b>Non Spendable</b>						
Unclaimed Monies	\$ 130,690	\$ -	\$ -	\$ -	\$ -	\$ 130,690
<b>Restricted For</b>						
Other Purposes	-	-	-	-	12,705	12,705
Community Development	-	-	-	-	43,357	43,357
Emergency Services	-	-	-	-	380,653	380,653
Courts	-	-	-	-	1,157,595	1,157,595
Real Estate Assessment	-	-	-	-	1,204,433	1,204,433
Children Services	-	-	-	-	864,597	864,597
Mental Health	-	-	-	-	1,182,860	1,182,860
Health	-	-	-	-	7,913	7,913
Public Safety	-	-	-	-	152,360	152,360
Road Repair and Other Purposes	-	-	4,374,832	-	-	4,374,832
Job and Family Services	-	-	-	709,899	33,528	743,427
Board of DD/Residential	-	2,235,922	-	-	1,485,172	3,721,094
Debt Service Payments	-	-	-	-	245,727	245,727
Capital Improvements	-	-	-	-	748,539	748,539
<b>Total Restricted</b>	<b>-</b>	<b>2,235,922</b>	<b>4,374,832</b>	<b>709,899</b>	<b>7,519,439</b>	<b>14,840,092</b>
Assigned	280,204	-	-	-	-	280,204
Unassigned(Deficit)	2,548,894	-	-	-	-	2,548,894
<b>Total Fund Balances</b>	<b>\$ 2,959,788</b>	<b>\$ 2,235,922</b>	<b>\$ 4,374,832</b>	<b>\$ 709,899</b>	<b>\$ 7,519,439</b>	<b>\$ 17,799,880</b>



**Brown County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2011*

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through the Ohio Department of Job and Family Services:</i>			
<b>Supplemental Nutrition Assistance Program Cluster:</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	N/A	10.561	\$ 298,938
Total Supplemental Nutrition Assistance Program Cluster			<u>298,938</u>
<b>Total U.S. Department of Agriculture</b>			<b>298,938</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through the Ohio Department of Development:</i>			
<b>Community Development Block Grants - State Administered CDBG Cluster:</b>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Formula Allocation Program	B-Z-08-1AH-1	14.228	888,677
Formula Allocation Program	B-F-09-1AH-1	14.228	14,985
Formula Allocation Program	B-F-10-1AH-1	14.228	98,746
Formula Allocation Program	B-F-11-1AH-1	14.228	3,021
Formula Allocation Program	B-E-08-008-1	14.228	2,766
Formula Allocation Program	B-C-10-1AH-1	14.228	<u>29,145</u>
Total Community Development Block Grants - State Administered CDBG Cluster			1,037,340
Home Investment Partnership Program	B-C-09-1AB-1	14.239	<u>177,134</u>
Total Home Investment Partnership Program			<u>177,134</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>1,214,474</b>
<b><u>U.S. Department of Justice</u></b>			
<i>Passed through the Ohio Department of Justice:</i>			
Crime Victim Assistance	2009VAGEN308	16.575	<u>28,967</u>
<b>Total U.S. Department of Justice</b>			<b>28,967</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Direct from the Federal Government:</i>			
Airport Improvement Program	N	20.106	<u>511,170</u>
<b>Total U.S. Department of Transportation</b>			<b>511,170</b>
<b><u>U.S. Department of Education</u></b>			
<i>Passed through the Ohio Department of Health:</i>			
<b>Early Intervention Services (IDEA) Cluster:</b>			
Special Education - Grants for Infants and Families	N/A	84.181	<u>55,586</u>
Total Early Intervention Services (IDEA) Cluster			<u>55,586</u>
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	N/A	84.126	<u>5,529</u>
<b>Total U.S. Department of Education</b>			<b>61,115</b>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through the Ohio Department of Public Safety:</i>			
Emergency Management Performance Grants	2011-EP-00003-S01	97.042	<u>47,989</u>
<b>Total U.S. Department of Homeland Security</b>			<b>47,989</b>

**Brown County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2011*

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 Developmental Disabilities:</i>			
Social Services Block Grant	N/A	93.667	30,865
<i>Passed through the Ohio Department of Mental Health:</i>			
Social Services Block Grant	N/A	93.667	20,651
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Social Services Block Grant	N/A	93.667	294,171
Total Social Services Block Grant			<u>345,687</u>
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Families	N/A	93.556	8,596
Child Support Enforcement	N/A	93.563	249,521
Child Welfare Services State Grants	N/A	93.645	29,220
Foster Care Title IV-E	N/A	93.658	14,659
Adoption Assistance	N/A	93.659	46,655
Chafee Foster Care Independence Program	N/A	93.674	176
State Children's Health Insurance Program	N/A	93.767	1,369
			<u>350,196</u>
<b>Child Care Development Fund Cluster:</b>			
Child Care and Development Block Grant	N/A	93.575	23,028
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	N/A	93.596	23,513
Total Child Care Development Fund Cluster			<u>46,541</u>
<b>TANF Cluster:</b>			
Temporary Assistance for Needy Families (TANF) State Programs	N/A	93.558	649,779
Total TANF Cluster			<u>649,779</u>
<b>Medicaid Cluster:</b>			
<i>Passed through the Ohio Department of Developmental Disabilities:</i>			
Medical Assistance Program - ARRA	N/A	93.778	26,079
Medical Assistance Program	N/A	93.778	95,494
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Medical Assistance Program - ARRA	N/A	93.778	18,730
Medical Assistance Program	N/A	93.778	215,978
<i>Passed through the Ohio Department of Mental Health:</i>			
Medical Assistance Program - ARRA	N/A	93.778	29,477
Medical Assistance Program	N/A	93.778	468,116
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Medical Assistance Program	N/A	93.778	277,446
Total Medicaid Cluster			<u>1,131,320</u>
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	N/A	93.243	53,452
Block Grants for Prevention and Treatment of Substance Abuse	N/A	93.959	127,491
			<u>180,943</u>
<i>Passed through the Ohio Department of Mental Health:</i>			
Block Grants to Community Mental Health Services	N/A	93.958	25,834
<i>Passed through the Ohio Secretary of State:</i>			
Voting Access for Individuals with Disabilities Grants to States	06-SOS-HHHS-8	93.617	191
<b>Total U.S. Department of Health and Human Services</b>			<u><b>2,730,491</b></u>
<b>Total Federal Expenditures</b>			<u><b>\$ 4,893,144</b></u>

N - Direct Funding

N/A - pass through entity number not available

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**BROWN COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial programs of Brown County, Ohio. The County reporting entity is defined in Note 1 of the County's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the Schedule.

**NOTE B – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on a basis of cash disbursements; consequently, expenditures are recognized when paid rather than when the obligation is incurred.

**NOTE C – SUBRECIPIENTS**

The County passes-through certain federal assistance received from the Ohio Department of Mental Health and the Ohio Department of Drug and Alcohol Addiction Services to other governments 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 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 D – MATCHING REQUIREMENTS**

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

**NOTE E – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES**

The Brown County Department Developmental Disabilities received federal financial assistance from the Ohio Department of Developmental Disabilities for the program (which is audited at the state level and reported in the State of Ohio Single Audit Report):

CFDA #93.778 Medicaid Cluster (Individual Options and Level 1 Waiver Programs)



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of County Commissioners  
Brown County  
800 Mt. Orab Pike  
Georgetown, Ohio 45121

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Brown County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 31, 2012, wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles and wherein we noted that the County implemented Government Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We also issued an adverse opinion on the business-type activities since the County omitted presenting the Brown County Hospital Fund as a major enterprise fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected.

### **Internal Control over Financial Reporting (Continued)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-002 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated July 31, 2012.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, the Board of Commissioners, federal awarding agencies, pass-through entities, and others within the County. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
July 31, 2012



# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of County Commissioners  
Brown County  
800 Mt. Orab Pike  
Georgetown, Ohio 45121

### 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 could directly and materially affect each of Brown County's major federal programs for the year ended December 31, 2011. The summary of auditor's results section of the accompanying Schedule of Findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the County's compliance based on our audit.

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

In our opinion, Brown County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings lists this instance as Finding 2011-003.

### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Board of County Commissioners

Brown County

Report on Compliance with Requirements Applicable to each Major Federal Program and on  
Internal Control Over Compliance Required by OMB Circular A-133


Page 2

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's response to the finding we identified is described in the accompanying Schedule of Findings. We did not audit the County's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
July 31, 2012

BROWN COUNTY

SCHEDULE OF FINDINGS

OMB CIRCULAR A -133 Section .505  
December 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(I)(i)</i>	<b>Type of Financial Statement Opinion</b>	Adverse
<i>(d)(I)(ii)</i>	<b>Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(I)(ii)</i>	<b>Were there any material weakness reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(iii)</i>	<b>Was there any reported non-compliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(I)(iv)</i>	<b>Were there any significant internal control deficiencies reported for major federal programs?</b>	No
<i>(d)(I)(iv)</i>	<b>Were there any material weakness reported for major federal programs?</b>	No
<i>(d)(I)(v)</i>	<b>Type of Major Programs Compliance Opinion</b>	Unqualified
<i>(d)(I)(vi)</i>	<b>Are there any reportable findings under .510?</b>	Yes
<i>(d)(I)(vii)</i>	<b>Major Program (list):</b>	Medical Assistance Program, CFDA #93.778 Medical Assistance Program - ARRA, CFDA #93.778 Community Development Block Grants/State's Programs, CFDA #14.228 Home Investment Partnerships Program, CFDA #14.239 Airport Improvement Program, CFDA #20.106
<i>(d)(I)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	<b>Low Risk Auditee?</b>	No



BROWN COUNTY

**SCHEDULE OF FINDINGS**  
*OMB CIRCULAR A -133 Section .505*  
**December 31, 2011**  
(Continued)

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

**Finding Number 2011-001**

**Noncompliance Citation**

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38

Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omitted assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the County prepare its annual financial report in accordance with generally accepted accounting principles.

**Client's Response:**

This is purely a financial decision.

**Finding Number 2011-002**

**Significant Deficiency – Clerk of Courts Title Department Receipts**

During the testing of the receipts in the Title Department, we noted that the office was in the practice of completing transaction recording on behalf of the consumer. Blank checks would be routinely accepted from the auto dealerships in the community along with the title applications for the day. These checks would be filled in by County personnel upon completion of the title transactions. A copy of the completed check would be returned to the consumer along with a receipt for that day's transactions. This practice could allow for the misuse of monies due the County and could allow for errors to remain undetected for long periods of time.

We recommend the Title Department discontinue the practice of accepting blank checks from consumers.

**Client's Response:**

This Clerk of Courts has discontinued the practice of accepting blank checks from consumers.

BROWN COUNTY

**SCHEDULE OF FINDINGS**  
*OMB CIRCULAR A -133 Section .505*  
**December 31, 2011**  
(Continued)

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Finding Number	2011-003
CFDA Title and Number	Community Development Block Grant – CFDA #14.228 Home Investment Partnerships Program – CFDA #14.239
Federal Award Number/Year	2011
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

**Noncompliance Citation – Cash Management**

Office of Housing and Community Partnership Financial Management Rules and Regulations, Section (A)(3)(f), states the grantees must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

Drawdowns were not expended within 15 days to a fund balance of less than \$5,000 for 8 of the 16 drawdowns of grant funding received during the audit period. Disbursements were made up to several months after the 15 day limitation had expired resulting in noncompliance.

The County should implement controls to ensure drawdowns are appropriate and enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt.

**Clients Response:**

From this point forward we will seek advances to offset the “draw” time frame.

BROWN COUNTY  
December 31, 2011

**CORRECTIVE ACTION PLAN**  
*OMB CIRCULAR A-133 §315(c)*

**Corrective Action Plan for Finding 2011-003:**

**Finding Control Number: 2011-003**

**Summary of Finding:** The County's drawdowns for the Community Development Block Grant, CFDA#14.228 and Home Investment Partnership Program, CFDA#14.239, were not expended within 15 days to a fund balance of less than \$5,000 for 4 of the 10 drawdowns of grant funding received during the audit period. Also, for these same programs, disbursements were made up to several months after the 15 day limitation had expired.

**Statement of Concurrence:** The County is aware of Finding 2011-003 and agrees that the finding as stated is correct.

**Corrective Action:** In the future the County will seek advances to offset the "draw" time frame.

**Contact Person:** The official responsible for completing the corrective action is listed below:

Doug Green  
Auditor  
Phone: (937) 378-6398  
Email: dgreen@borwncountyauditor.org

BROWN COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
*OMB CIRCULAR A-133 § .315 (b)*  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2010-001	Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	No	Not Corrected – See current year finding 2011-001.
2010-002	Office of Housing and Community Partnership Financial Management Rules and Regulations, Section (A)(3)(f), states the grantees must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds.	No	Not Corrected – See current year finding 2011-003.



# Dave Yost • Auditor of State

## 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  
NOVEMBER 8, 2012