



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report	
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit - December 31, 2000	2
Combined Statements of Revenues, Expenditures, and Changes In Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2000	7
Combined Statement of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types - For the Year Ended December 31, 2000	8
Statement of Revenues, Expenses, and Changes In Retained Earnings - Enterprise Fund - Brown County General Hospital - For the Year Ended December 31, 2000	10
Statement of Support and Revenues, Expenses, and Changes In Fund Balance - Discretely Presented Component Unit - For the Year Ended December 31, 2000	11
Statement of Cash Flows - Enterprise Fund - Brown County General Hospital - For the Year Ended December 31, 2000	12
Statement of Cash Flows - Discretely Presented Component Unit - For the Year Ended December 31, 2000	13
Notes to the General Purpose Financial Statements	15
Schedule of Federal Awards Expenditures - For the Year Ended December 31, 2000	49
Notes to the Schedule of Federal Awards Expenditures	50
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards.</i>	51
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance with OMB Circular A-133	53
Schedule of Findings	55
Schedule of Prior Audit Findings	58

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

INDEPENDENT ACCOUNTANTS' REPORT

Brown County
800 Mt. Orab Pike
Georgetown, Ohio 45121

To the Board of County Commissioners:

We have audited the accompanying general purpose financial statements of Brown County, Ohio (the County), as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Brown County General Hospital - the Enterprise Fund. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the Enterprise Fund, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County, as of December 31, 2000, and the results of its operations and the cash flows of its enterprise fund and discretely presented component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2001, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

August 29, 2001

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BROWN COUNTY, OHIO
 Combined Balance Sheet
 All Fund Types, Account Groups and Discretely Presented Component Unit
 December 31, 2000

	GOVERNMENTAL FUND TYPES			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,708,391	\$11,580,971	\$550,092	\$871,083
Cash and Cash Equivalents in Segregated Accounts	25,482	83,486	0	0
Cash and Cash Equivalents with Escrow Agents	0	0	0	6,322
Investments in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	1,922,841	521,321	284,001	0
Accounts	58,996	67,773	0	0
Special Assessments	0	0	0	0
Interfund	51,860	0	0	0
Pledges	0	0	0	0
Accrued Interest	126,968	65,775	0	0
Due from Other Funds	1,767	50,872	0	0
Due from Other Governments	11,152	439,183	0	0
Materials and Supplies Inventory	17,051	148,071	0	0
Prepaid Items	55,041	5,783	0	0
Restricted Assets:				
Cash and Cash Equivalents Restricted for Plant				
Renewal and Replacement	0	0	0	0
Cash and Cash Equivalents Restricted for Debt Issuance	0	0	0	0
Investments Restricted for Debt Issuance	0	0	0	0
Cash and Cash Equivalents for Endowment Funds	0	0	0	0
Other Assets	0	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$4,979,549	\$12,963,235	\$834,093	\$877,405

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only) Primary Government	COMPONENT UNIT Grow, Inc.	Totals (Memorandum Only) Reporting Entity
		General Fixed Assets	General Long-Term Obligations			
<i>Enterprise</i>	<i>Agency</i>					
\$0	\$1,913,508	\$0	\$0	\$17,624,045	\$0	\$17,624,045
2,745,850	375,052	0	0	3,229,870	15,162	3,245,032
0	0	0	0	6,322	0	6,322
35,053	0	0	0	35,053	0	35,053
0	15,871,880	0	0	18,600,043	0	18,600,043
4,138,909	0	0	0	4,265,678	5,283	4,270,961
0	615,716	0	0	615,716	0	615,716
0	0	0	0	51,860	0	51,860
18,000	0	0	0	18,000	0	18,000
0	0	0	0	192,743	0	192,743
0	0	0	0	52,639	0	52,639
0	0	0	0	450,335	0	450,335
231,274	0	0	0	396,396	20,051	416,447
550,441	0	0	0	611,265	0	611,265
1,437,252	0	0	0	1,437,252	0	1,437,252
19,915	0	0	0	19,915	0	19,915
604,384	0	0	0	604,384	0	604,384
5,000	0	0	0	5,000	0	5,000
106,678	0	0	0	106,678	0	106,678
12,234,446	0	19,610,812	0	31,845,258	5,945	31,851,203
0	0	0	550,092	550,092	0	550,092
0	0	0	3,920,319	3,920,319	0	3,920,319
\$22,127,202	\$18,776,156	\$19,610,812	\$4,470,411	\$84,638,863	\$46,441	\$84,685,304

(continued)

BROWN COUNTY, OHIO
 Combined Balance Sheet
 All Fund Types, Account Groups and Discretely Presented Component Unit
 December 31, 2000
 (Continued)

	GOVERNMENTAL FUND TYPES			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$46,865	\$303,121	\$0	\$0
Accrued Wages and Benefits	67,524	81,774	0	0
Compensated Absences Payable	8,842	12,631	0	0
Retainage Payable	0	0	0	6,322
Interfund Payable	0	51,860	0	0
Due to Other Funds	0	51,891	0	0
Due to Other Governments/Third-Party Payors	72,585	65,955	0	0
Deferred Revenue	1,744,576	476,810	284,001	0
Deposits Held and Due to Others	53,162	12,844	0	0
Other Accrued Expenses	0	0	0	0
Capital Leases Payable	0	0	0	0
Undistributed Assets	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Forgivable Debt Payable	0	0	0	0
Mortgage Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,993,554	1,056,886	284,001	6,322
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Reserved:				
Reserved for Future Debt Service	0	0	0	0
Reserved for Plant Renewal and Replacement	0	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Specific Purpose	0	0	0	0
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	298,675	988,247	0	7,189
Reserved for Inventory	17,051	148,071	0	0
Unreserved:				
Undesignated	2,670,269	10,770,031	550,092	863,894
Total Fund Equity and Other Credits	2,985,995	11,906,349	550,092	871,083
Total Liabilities, Fund Equity and Other Credits	\$4,979,549	\$12,963,235	\$834,093	\$877,405

See Accompanying Notes to the General Purpose Financial Statements

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only) Primary Government	COMPONENT UNIT Grow, Inc.	Totals (Memorandum Only) Reporting Entity
		General Fixed Assets	General Long-Term Obligations			
<i>Enterprise</i>	<i>Agency</i>					
\$642,680	\$0	\$0	\$0	\$992,666	\$3,108	\$995,774
733,094	0	0	0	882,392	3,063	885,455
769,352	0	0	570,538	1,361,363	0	1,361,363
0	0	0	0	6,322	0	6,322
0	0	0	0	51,860	0	51,860
0	748	0	0	52,639	0	52,639
363,658	17,690,072	0	178,795	18,371,065	0	18,371,065
604,329	0	0	0	3,109,716	0	3,109,716
0	114,528	0	0	180,534	0	180,534
235,993	0	0	0	235,993	0	235,993
215,181	0	0	0	215,181	3,875	219,056
0	970,808	0	0	970,808	0	970,808
2,670,000	0	0	0	2,670,000	0	2,670,000
0	0	0	298,958	298,958	0	298,958
0	0	0	52,120	52,120	0	52,120
0	0	0	3,370,000	3,370,000	0	3,370,000
6,234,287	18,776,156	0	4,470,411	32,821,617	10,046	\$32,831,663
0	0	19,610,812	0	19,610,812	0	19,610,812
624,299	0	0	0	624,299	0	624,299
1,437,252	0	0	0	1,437,252	0	1,437,252
5,000	0	0	0	5,000	0	5,000
3,331	0	0	0	3,331	0	3,331
13,823,033	0	0	0	13,823,033	0	13,823,033
0	0	0	0	1,294,111	0	1,294,111
0	0	0	0	165,122	0	165,122
0	0	0	0	14,854,286	36,395	14,890,681
15,892,915	0	19,610,812	0	51,817,246	36,395	51,853,641
\$22,127,202	\$18,776,156	\$19,610,812	\$4,470,411	\$84,638,863	\$46,441	\$84,685,304

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BROWN COUNTY, OHIO
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	Governmental Fund Types				<i>Totals (Memorandum Only)</i>
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	
<u>Revenues:</u>					
Property Taxes	\$1,460,259	\$539,543	\$275,853	\$0	\$2,275,655
Permissive Sales Tax	2,163,178	541,065	0	0	2,704,243
Charges for Services	1,283,770	1,389,037	0	0	2,672,807
Licenses and Permits	5,080	0	0	0	5,080
Fines and Forfeitures	327,395	85,129	0	0	412,524
Intergovernmental	964,395	10,488,079	87,038	0	11,539,512
Interest	866,953	448,128	0	0	1,315,081
Other	318,105	67,721	19,000	0	404,826
Total Revenues	<u>7,389,135</u>	<u>13,558,702</u>	<u>381,891</u>	<u>0</u>	<u>21,329,728</u>
<u>Expenditures:</u>					
Current:					
General Government:					
Legislative and Executive	3,737,083	373,019	0	0	4,110,102
Judicial	1,016,597	473,998	0	0	1,490,595
Public Safety	1,689,383	1,018,270	0	0	2,707,653
Public Works	141,200	3,350,127	0	0	3,491,327
Health	41,555	3,896,846	0	0	3,938,401
Human Services	172,780	4,579,574	0	0	4,752,354
Economic Development and Assistance	0	206,349	0	0	206,349
Capital Outlay	0	0	0	221,356	221,356
Debt Service:					
Principal Retirement	0	0	259,865	0	259,865
Interest and Fiscal Charges	0	0	227,546	0	227,546
Total Expenditures	<u>6,798,598</u>	<u>13,898,183</u>	<u>487,411</u>	<u>221,356</u>	<u>21,405,548</u>
Excess of Revenues Over (Under) Expenditures	<u>590,537</u>	<u>(339,481)</u>	<u>(105,520)</u>	<u>(221,356)</u>	<u>(75,820)</u>
<u>Other Financing Sources (Uses):</u>					
Operating Transfers - In	500,473	318,393	0	30,000	848,866
Operating Transfers - Out	<u>(296,940)</u>	<u>(42,236)</u>	<u>0</u>	<u>(509,690)</u>	<u>(848,866)</u>
Total Other Financing Sources (Uses)	<u>203,533</u>	<u>276,157</u>	<u>0</u>	<u>(479,690)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	794,070	(63,324)	(105,520)	(701,046)	(75,820)
Fund Balances at Beginning of Year	2,188,938	11,982,950	655,612	1,573,201	16,400,701
Increase (Decrease) in Reserve For Inventory	2,987	(13,277)	0	(1,072)	(11,362)
Fund Balances at End of Year	<u>\$2,985,995</u>	<u>\$11,906,349</u>	<u>\$550,092</u>	<u>\$871,083</u>	<u>\$16,313,519</u>

See Accompanying Notes to the General Purpose Financial Statements

BROWN COUNTY, OHIO
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	General Fund			Special Revenue Funds		
	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues:						
Property Taxes	\$1,687,949	\$1,460,259	(\$227,690)	\$371,578	\$539,543	\$167,965
Permissive Sales Tax	1,970,000	2,142,477	172,477	475,000	543,472	68,472
Charges for Services	1,379,899	1,269,386	(110,513)	1,170,319	1,177,287	6,968
Licenses and Permits	5,115	5,030	(85)	0	0	0
Fines and Forfeitures	301,785	298,366	(3,419)	67,300	72,575	5,275
Intergovernmental	716,099	956,038	239,939	11,849,528	10,023,720	(1,825,808)
Interest	767,250	715,627	(51,623)	120,000	362,277	242,277
Other	307,900	319,113	11,213	305,965	503,300	197,335
Total Revenues	7,135,997	7,166,296	30,299	14,359,690	13,222,174	(1,137,516)
Expenditures:						
Current:						
General Government:						
Legislative and Executive	4,875,196	4,066,199	808,997	624,280	542,963	81,317
Judicial	1,189,867	1,029,668	160,199	589,736	482,286	107,450
Public Safety	1,805,647	1,697,388	108,259	1,297,455	1,000,137	297,318
Public Works	248,494	139,323	109,171	4,672,005	3,804,363	867,642
Health	44,708	41,841	2,867	4,548,505	4,176,611	371,894
Human Services	189,941	172,808	17,133	6,327,855	5,123,451	1,204,404
Economic Development and Assistance	0	0	0	289,281	251,900	37,381
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	8,353,853	7,147,227	1,206,626	18,349,117	15,381,711	2,967,406
Excess of Revenues Over (Under) Expenditures	(1,217,856)	19,069	1,236,925	(3,989,427)	(2,159,537)	1,829,890
Other Financing Sources (Uses):						
Other Financing Uses	(600)	0	600	0	0	0
Advances - In	0	0	0	38,000	51,000	13,000
Advances - Out	0	(51,000)	(51,000)	0	0	0
Operating Transfers - In	0	500,473	500,473	31,689	318,393	286,704
Operating Transfers - Out	(378,730)	(296,940)	81,790	(42,236)	(42,236)	0
Total Other Financing Sources (Uses)	(379,330)	152,533	531,863	27,453	327,157	299,704
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,597,186)	171,602	1,768,788	(3,961,974)	(1,832,380)	2,129,594
Fund Balances at Beginning of Year	1,656,066	1,656,066	0	10,977,006	10,977,006	0
Prior Year Encumbrances Appropriated	412,317	412,317	0	1,050,065	1,050,065	0
Fund Balances at End of Year	\$471,197	\$2,239,985	\$1,768,788	\$8,065,097	\$10,194,691	\$2,129,594

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds		
<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
\$291,393	\$275,853	(\$15,540)	\$0	\$0	\$0
0	0	0	30,000	30,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
94,600	87,038	(7,562)	233,000	0	(233,000)
0	0	0	0	0	0
19,506	19,000	(506)	0	0	0
<u>405,499</u>	<u>381,891</u>	<u>(23,608)</u>	<u>263,000</u>	<u>30,000</u>	<u>(233,000)</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	500,000	0	500,000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	238,950	5,950	233,000
0	0	0	1,004,740	241,571	763,169
259,865	259,865	0	0	0	0
227,546	227,546	0	0	0	0
<u>487,411</u>	<u>487,411</u>	<u>0</u>	<u>1,743,690</u>	<u>247,521</u>	<u>1,496,169</u>
<u>(81,912)</u>	<u>(105,520)</u>	<u>(23,608)</u>	<u>(1,480,690)</u>	<u>(217,521)</u>	<u>1,263,169</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	30,000	30,000	0
0	0	0	(509,690)	(509,690)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(479,690)</u>	<u>(479,690)</u>	<u>0</u>
(81,912)	(105,520)	(23,608)	(1,960,380)	(697,211)	1,263,169
655,612	655,612	0	1,330,416	1,330,416	0
0	0	0	230,690	230,690	0
<u>\$573,700</u>	<u>\$550,092</u>	<u>(\$23,608)</u>	<u>(\$399,274)</u>	<u>\$863,895</u>	<u>\$1,263,169</u>

BROWN COUNTY, OHIO
Statement of Revenues, Expenses
And Changes in Retained Earnings
Enterprise Fund
For the Year Ended December 31, 2000

	<i>Brown County General Hospital</i>
<u>Operating Revenues:</u>	
Net Patient Service Revenue	\$24,636,916
Other Operating Revenues	296,177
Total Revenues	<u>24,933,093</u>
<u>Operating Expenses:</u>	
Personal Services	11,779,082
Contractual Services	1,760,889
Materials and Supplies	5,762,071
Provision for Bad Debts	2,310,561
Other Operating Expenses	629,916
Interest and Fiscal Charges	237,955
Depreciation	1,534,292
Total Operating Expenses	<u>24,014,766</u>
Operating Income	<u>918,327</u>
<u>Non-Operating Revenues and Expenses:</u>	
Interest	196,209
Donations of Equipment	10,224
Other Non-Operating Expenses	(36,229)
Total Non-Operating Revenues and Expenses	<u>170,204</u>
Net Income	1,088,531
Retained Earnings At Beginning of Year	<u>14,804,384</u>
Retained Earnings At End Of Year	<u><u>\$15,892,915</u></u>

See Accompanying Notes to the General Purpose Financial Statements

BROWN COUNTY, OHIO
Statement of Support and Revenues, Expenses
And Changes in Fund Balance
Discretely Presented Component Unit
For the Year Ended December 31, 2000

	<u>Grow, Inc.</u>
<u>Support and Revenues:</u>	
Brown County Board of Mental Retardation	\$1,203,915
Assembly Production	15,523
Services Contracted	96,059
Snack Bar	14,625
Thrift Store	874
Other	<u>901</u>
 Total Support and Revenues	 <u>1,331,897</u>
<u>Expenses:</u>	
Personal Services	718,021
Contractual Services	410,403
Materials and Supplies	72,763
Depreciation	3,470
Other Operating Expense	<u>131,232</u>
 Total Expenses	 <u>1,335,889</u>
 Excess of Support and Revenues Under Expenses	 (3,992)
<u>Non-Operating Revenues and Expenses:</u>	
Interest	277
Interest and Fiscal Charges	<u>(751)</u>
 Total Non-Operating Revenues and Expenses	 <u>(474)</u>
 Net Revenues Under Expenses	 (4,466)
 Fund Balance At Beginning of Year	 <u>40,861</u>
 Fund Balance At End Of Year	 <u><u>\$36,395</u></u>

See Accompanying Notes to the General Purpose Financial Statements

BROWN COUNTY, OHIO
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2000

	<u>Brown County General Hospital</u>
<u>Cash Flows from Operating Activities:</u>	
Loss from Operations	<u>\$918,327</u>
<u>Adjustments to Reconcile Revenues and Gains in Excess of Expenses to Net Cash Provided by Operating Activities:</u>	
Depreciation and Amortization	1,534,292
<u>Changes in Assets and Liabilities:</u>	
Increase in Accounts Receivable	(151,686)
Decrease in Materials and Supplies Inventory	53,356
Increase in Prepaid Expenses and Other Assets	(324,375)
Increase in Accounts Payable and Other Accrued Expenses	881,898
Increase in Settlement Amounts Payable to Third Parties	<u>99,525</u>
<i>Net Cash Provided by Operating Activities</i>	<u>3,011,337</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Other	<u>(149,625)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Capital Expenditures	(877,211)
Donation for Capital Additions	72,274
Proceeds from Disposal of Equipment	1,897
Payments on Capital Lease Obligations	(93,590)
Repayment of Long-Term Debt	<u>(475,000)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,371,630)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	<u>188,573</u>
Net Increase in Cash and Cash Equivalents	1,678,655
Cash and Cash Equivalents at Beginning of Year	<u>2,524,362</u>
Cash and Cash Equivalents at End of Year	<u><u>\$4,203,017</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:	
Cash and Cash Equivalents in Current Assets	\$2,745,850
Cash and Cash Equivalents Restricted for Plant Renewal and Replacement	1,437,252
Cash and Cash Equivalents Restricted for Debt Issuance	19,915
Total Cash and Cash Equivalents	<u><u>\$4,203,017</u></u>
<u>Supplemental Disclosures:</u>	
Interest Paid During the Year	<u><u>\$237,955</u></u>

See Accompanying Notes to the General Purpose Financial Statements

BROWN COUNTY, OHIO
Statement of Cash Flows
Discretely Presented Component Unit
For the Year Ended December 31, 2000

	<i>Grow, Inc.</i>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$132,905
Cash Payments to Suppliers for Goods and Services	(60,126)
Cash Payments to Employees for Services	(74,792)
<i>Net Cash Used for Operating Activities</i>	(2,013)
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Principal Payments made on Capital Leases	(1,860)
Interest Payments made on Capital Leases	(751)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(2,611)
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	277
Net Decrease in Cash and Cash Equivalents	(4,347)
Cash and Cash Equivalents at Beginning of Year	19,509
Cash and Cash Equivalents at End of Year	\$15,162
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Excess of Support and Revenues Under Expenses	(\$3,992)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:</u>	
Depreciation	3,470
<u>Changes in Assets and Liabilities:</u>	
Decrease in Accounts Receivable	4,923
Increase in Materials and Supplies Inventory	(2,132)
Decrease in Accounts Payable	(2,897)
Decrease in Accrued Wages and Benefits	(1,385)
Total Adjustments	1,979
Net Cash Used for Operating Activities	(\$2,013)

See Accompanying Notes to the General Purpose Financial Statements

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BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

Reporting Entity:

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

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

Discretely Presented Component Unit

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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

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

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

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

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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

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

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

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

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

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

Enterprise Fund - Enterprise funds are used to account for the Brown County General Hospital's operations that are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The enterprise fund financial statements have been prepared in accordance with the principles contained in the "AICPA Auditing and Accounting Guide: Health Care Organizations". The Hospital also applies the Financial Accounting Standards Board's Statements and Interpretations issued prior to November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The statements of cash flows have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting". The more significant of the County's accounting policies are described below.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Estimated Resources: The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include actual unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Cash and cash equivalents that are held separately within departments of the County, including the Brown County General Hospital, and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts." The County also utilizes an escrow agent to hold retainage on construction contracts. The balance in this account is presented on the financial statements as "Cash and Cash Equivalents Escrow Agents" and represents deposits.

The Hospital also presents "Cash and Cash Equivalents Restricted for Plant Renewal and Replacement", "Cash and Cash Equivalents Restricted for Debt Issuance", "Investments Restricted for Debt Issuance", and "Cash and Cash Equivalents for Endowment Funds". These amounts represent restricted assets.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2000, investments were limited to certificates of deposit, common stock, Federal Farm Credit Bank bonds, Federal Home Loan Bank bonds, Federal Home Loan Mortgage Corporation bonds, Federal National Mortgage Association bonds, repurchase agreements, money market accounts, and Star Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificated of deposit are reported at cost.

Brown County invested funds in the State Treasury Asset Reserve of Ohio (Star Ohio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2000.

Interest is distributed to the General Fund, Special Revenue Funds, and the Brown County General Hospital Enterprise Fund. Interest earned during 2000 amounted to \$861,385 for the County General Fund, which includes \$751,135 assigned from other County funds. The Special Revenue Funds, Enterprise Fund and the discretely presented component unit also earned interest of \$453,696, \$196,209, and \$277 respectively.

Charity Care: Hospital patients who meet certain criteria under its charity care policy are provided care without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue. Hospital services at normal established rates totaled approximately \$406,000 for the year ended December 31, 2000.

Net Patient Service Revenue: Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined (see Note 6).

Substantially all revenue is recognized when service is rendered.

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items: Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

<u>Descriptions</u>	<u>Estimated Life</u>
Buildings and Building Improvements	30-40 years
Equipment	5-20 years

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 3 - BUDGET TO GAAP RECONCILIATION

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 3 - BUDGET TO GAAP RECONCILIATION (Continued)

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$794,070	(\$63,324)	(\$105,520)	(\$701,046)
Revenue Accruals	(222,839)	(336,528)	0	30,000
Expenditure Accruals	23,728	(146,973)	0	(18,977)
Advances	(51,000)	51,000	0	0
Encumbrances	(372,357)	(1,336,555)	0	(7,188)
Budget Basis	\$171,602	(\$1,832,380)	(\$105,520)	(\$697,211)

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Legal Compliance:

January 1, 2001 cash fund balances were not decreased by the amount of the prior year carryover encumbrances. Due to not properly recording the January 1, unencumbered balances, incorrect amounts were certified for January 1, 2000.

The following funds had an excess of appropriations over estimated resources plus encumbrances for the fiscal year ended December 31, 2000:

Special Revenue Funds

Community Development Block Grant	\$30,240
Diversion Grant	5,094
Juvenile Corrections Program	19,707
Human Services	278,840
Computer Equipment	11,520
Children Services	21,629
COPS	2,589

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (Continued)

Capital Projects Funds

Capital Improvement	50,000
State and County Issue Two	500,000
Animal Shelter	13,466

Fund Deficit:

The Dare Grant Special Revenue Fund has a deficit fund balance of \$111. This deficit is due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The general fund is liable for the deficit and provides operating transfers when cash is required, not when accruals occur.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the Federal Government Agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS *(Continued)*

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

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

At year-end, the County had \$35,180 of undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents" and the Hospital had \$971 of undeposited cash on hand which is included on the balance sheet of the County as part of "Cash and Cash Equivalents in Segregated Accounts".

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits. At year-end, the carrying amount of the County's deposits was \$6,867,212 and the bank balance was \$8,566,560. Of the bank balance, \$620,084 was covered by federal depository insurance. For the Hospital, \$4,384,301 of bank deposits were collateralized with pooled securities held by financial institutions but not in the Hospital's name. The remainder of 3,562,175 were considered uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions' trust department in the County's name and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

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

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

The Brown County General Hospital has investments in common stock totaling \$35,053 at December 31, 2000, included as "Investments in Segregated Accounts" in the accompanying combined balance sheet.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

	Category 1	Category 2	Category 3	Unclassified	Carrying and Fair Value
Common Stock	\$35,053	0	\$0	\$0	\$35,053
U.S. Treasury Notes	0	0	604,384	0	604,384
Federal Farm Credit Bank Bonds	0	0	605,640	0	605,640
Federal Home Loan Bank Bonds	0	0	3,736,404	0	3,736,404
Federal Home Loan Mortgage Corporation Bonds	0	0	4,045,787	0	4,045,787
Federal National Mortgage Association Bonds	0	0	2,359,950	0	2,359,950
Repurchase Agreements	0	1,782,257	0	0	1,782,257
Money Market Accounts	0	0	0	1,490,173	1,490,173
Star Ohio	0	0	0	1,398,830	1,398,830
Total Investments	<u>\$35,053</u>	<u>\$1,782,257</u>	<u>\$11,352,165</u>	<u>\$2,889,003</u>	<u>\$16,058,478</u>

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$22,322,404	\$639,437
Cash on Hand	(36,151)	0
Federal Farm Credit Bank Bonds	(605,640)	605,640
Federal Home Loan Bank Bonds	(3,736,404)	3,736,404
Federal Home Loan Mortgage Corporation Bonds	(4,045,787)	4,045,787
Federal National Mortgage Association Bonds	(2,359,950)	2,359,950
Repurchase Agreements	(1,782,257)	1,782,257
Money Market Accounts	(1,490,173)	1,490,173
Star Ohio	(1,398,830)	1,398,830
GASB Statement No. 3	<u>\$6,867,212</u>	<u>\$16,058,478</u>

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 6 - NET PATIENT SERVICE REVENUE

The Brown County General Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Total gross patient services revenue and related allowances at December 31, 2000 were as follows:

Gross patient service revenue at established rates (including charity care)	\$37,004,505
Less:	
Contractual allowances	(11,961,856)
Charity care	(405,733)
Net patient service revenue	

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Inpatient nonacute services, certain outpatient services, and defined capital costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports prior to January 1, 1998 have been audited and finalized by the Medicare fiscal intermediary. Revenue from participation in the Medicare program amounted to 38% and 40% of operating revenue in 2000 and 1999, respectively.

Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under cost reimbursement and fee schedule methodologies. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports prior to January 1, 1996 have been audited and finalized by the Medicaid fiscal intermediary. Revenue from participation in the Medicaid program amounted to 19% and 18% of operating revenue in 2000 and 1999, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital under these agreements includes discounts from established charges.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

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

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

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

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

The full tax rate for all County operations for the year ended December 31, 2000, was \$5.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 7 - PROPERTY TAXES (Continued)

Real Estate	\$428,474,000
Public Utility Personal Property	48,346,860
Tangible Personal Property	23,665,138
Total Assessed Value	\$500,485,998

Property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

NOTE 8 - PERMISSIVE SALES TAX

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

Proceeds of the tax are credited to the General Fund and the 9-1-1 Emergency Special Revenue Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Permissive sales tax revenue for 2000 amounted to \$2,704,243.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2000, consisted of taxes, accounts (billings for user charged services), special assessments, interfund activity, interest on investments and intergovernmental receivables arising from grants and shared revenues. All receivables, except those of the Brown County General Hospital Enterprise Fund, are considered collectible in full. The Hospital has accounts receivable in the amount of \$4,138,909, which is net after an allowance for doubtful accounts of \$3,334,325. The Hospital also has pledges receivable.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 9 - RECEIVABLES *(Continued)*

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

Fund/Type	Amount
<i>General Fund</i>	
Salary Reimbursement	\$11,152
<i>Special Revenue Funds</i>	
Foundation Grant	22,275
Adolescent Substance Abuse Grant	30,371
Mental Retardation	81,400
Auto and Gas:	
Cents Per Gallon tax	77,709
Excise Tax	39,684
Motor Vehicle Tax	83,657
Emergency Management	2,738
Supportive Living/MRDD	71,050
Mental Health Title XX	4,177
Mental Health Medicaid	3,916
Mental Health OD Safety	3,046
Ohio 4-H Carteens	17,697
County FEMA Grant	1,463
<i>Total Special Revenue Funds</i>	439,183
<i>Total All Funds</i>	\$450,335

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 10 - FIXED ASSETS

A. General Fixed Assets

A summary of the changes in general fixed assets during 2000 is as follows:

Asset Category	Balance for the Year Ended 12/31/99	Additions	Deletions	Balance for the Year Ended 12/31/00
Land	\$446,784	0	0	446,784
Buildings	8,841,232	356,939	0	9,198,171
Machinery and Equipment	4,935,873	273,911	90,600	5,119,184
Furniture and Fixtures	917,757	74,116	0	991,873
Vehicles	3,697,828	177,128	20,156	3,584,800
Construction in Progress	31,400	0	31,400	0
Total	<u>\$18,870,874</u>	<u>\$882,094</u>	<u>\$142,156</u>	<u>\$19,610,812</u>

B. Fund Fixed Assets

All fund fixed assets relate to the Brown County General Hospital Enterprise Fund. The balance as of December 31, 2000, is as follows:

Land and Land Improvements	\$783,551
Buildings and Building Improvements	11,189,435
Equipment	13,129,058
Construction in Progress	14,316
Total	<u>25,116,360</u>
Less: Accumulated Depreciation	<u>(12,881,914)</u>
Net Fund Fixed Assets	<u><u>\$12,234,446</u></u>

NOTE 11- RISK MANAGEMENT

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

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 forty-nine members.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 11- RISK MANAGEMENT (Continued)

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$6,000,000 of total liability coverage. The limit applies to any one occurrence of loss, with no annual aggregate except for the Public Officials Liability and Products Liability, which both have the same per occurrence and annual aggregate limit. For the General liability, Law Enforcement, and Auto Liability, there is no annual aggregate. Property damage is on a replacement cost basis.

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

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

Workers' compensation benefits are provided through the Ohio Bureau of Workers' Compensation. For 2000, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program (CCAO), a workers' compensation group purchasing pool (See Note 17). The intent of the CCAO is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAO. Each participant pays its workers' compensation premium to the State based on the rate for the CCAO rather than its individual rate.

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

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

The Hospital is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption, error and omission, employee injuries and illnesses; natural disasters, and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 11- RISK MANAGEMENT (Continued)

The Hospital maintains malpractice insurance coverage on a per occurrence basis with Ohio Hospital Insurance Company.

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS

Public Employees Retirement System: All County employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 9 percent. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. For plan members, other than those engaged in law enforcement, the County was required to contribute 6.54 percent of covered salary for 2000, a reduction from 9.35 percent for 1999. The County contribution for law enforcement employees for 2000 was 11.4 percent, down from 12.5 percent for 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$442,730, \$602,279, and \$619,689, respectively; 76 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 is recorded as a liability in the respective funds and the general long-term obligations account group. The Hospital's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,021,610, \$1,163,365, and \$1,129,466, respectively.

NOTE 13 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System: The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2000 was 15.7 percent; 4.3 percent was used to fund health care.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The County's and Hospital's actual contributions for 2000 which were used to fund postemployment benefits were \$291,092, and \$405,273, respectively. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

NOTE 14 - OTHER EMPLOYEE BENEFITS

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

Accumulated, unused sick leave is paid up to a maximum of 240 hours, depending on length of service, to employees who retire. As of December 31, 2000, the liability for compensated absences was \$592,011 for the County and \$769,352 for the Brown County Hospital.

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 14 - OTHER EMPLOYEE BENEFITS (Continued)

Deferred Compensation

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

NOTE 15 - LONG-TERM DEBT

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

	Principal Outstanding at 12/31/99	Additions	Deletions	Principal Outstanding at 12/31/00
<u>Enterprise Fund Obligations</u>				
<u>Mortgage Revenue Bonds</u>				
Hospital Revenue Bonds 1995 5.5%	\$600,000	\$0	\$100,000	\$500,000
Hospital Improvement Bonds 1993 2.8%-5.3%	2,545,000	0	375,000	2,170,000
Total Enterprise Obligations	<u>\$3,145,000</u>	<u>\$0</u>	<u>\$475,000</u>	<u>\$2,670,000</u>
<u>General Long-Term Obligations</u>				
<u>General Obligation Bonds</u>				
Brown County Public Library District Bonds 1996 5.4% - 5.8%	\$2,725,000	\$0	\$100,000	\$2,625,000
Adult Detention Center Bonds 1983 9.13%	390,000	0	100,000	290,000
Human Services Bonds 1998 5.25%	500,000	0	45,000	455,000
Total General Obligation Bonds	<u>\$3,615,000</u>	<u>\$0</u>	<u>\$245,000</u>	<u>\$3,370,000</u>
<u>Other Long-Term Obligations</u>				
Forgivable Debt	307,708	0	8,750	298,958
Mortgage Loan Payable 1994 7.90%	66,985	0	14,865	52,120
Due to Other Governments (Pension Obligation)	241,548	178,795	241,548	178,795
Compensated Absences	496,675	73,863	0	570,538
Total Other Long-Term Obligations	<u>1,112,916</u>	<u>252,658</u>	<u>265,163</u>	<u>1,100,411</u>
Total General Long-Term Obligations	<u>\$4,727,916</u>	<u>\$252,658</u>	<u>\$510,163</u>	<u>\$4,470,411</u>

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 15 - LONG-TERM DEBT (Continued)

The County's total legal debt margin was \$6,763,692 with an unvoted debt margin of \$2,132,832 at December 31, 2000.

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

The Hospital Revenue and Improvement Bonds will be paid from Hospital revenues.

Forgivable debt consists of construction loans and a loan contract made between the Brown County Community Board of Alcohol, Drug Addiction, and Mental Health Services (the Board) and the Ohio

Department of Mental Health (ODMH), for the purchase of land and construction thereon for the use in providing mental health services to the 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 become due immediately. Failure to pay the balance could result in foreclosure by ODMH. The balance due is reduced on a month-by-month basis over the term of the contract as long as the facility is used for mental health services. During 2000, \$8,750 was forgiven by the ODMH. The mortgage loan payable represents twenty-five percent of the land purchase and construction costs which the County was required to pay.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 15 - LONG-TERM DEBT (Continued)

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

Fiscal Year Ending December 31,	Forgivable Debt (No Interest)	Mortgage Loan Payable Principal	Mortgage Loan Payable Interest
2001	\$8,750	\$16,051	\$3,455
2002	8,750	17,331	2,174
2003	8,750	18,738	792
2004	8,750	0	0
2005	8,750	0	0
2006-2010	43,750	0	0
2011-2015	43,750	0	0
2016-2020	43,750	0	0
2021-2025	43,750	0	0
2026-2030	43,750	0	0
2031-2035	36,458	0	0
Total	<u>\$298,958</u>	<u>\$52,120</u>	<u>\$6,421</u>

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2000 are as follows:

Fiscal Year Ending December 31	Principal	Interest	Total
2001	\$255,000	\$205,626	\$460,626
2002	260,000	188,006	448,006
2003	275,000	170,100	445,100
2004	180,000	151,187	331,187
2005	195,000	141,113	336,113
2006-10	960,000	535,624	1,495,624
2011-15	1,010,000	259,200	1,269,200
2016	235,000	14,100	249,100
Totals	<u>\$3,370,000</u>	<u>\$1,664,956</u>	<u>\$5,034,956</u>

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 15 - LONG-TERM DEBT (Continued)

Principal requirements to retire the mortgage revenue bonds outstanding at December 31, 2000 are as follows:

Fiscal Year Ending December 31,	Principal
2001	\$490,000
2002	510,000
2003	535,000
2004	555,000
2005	580,000
Total	<u><u>\$2,670,000</u></u>

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

Leases Payable

The Hospital has incurred capital lease obligations collateralized by leased equipment. Scheduled principal repayments on capital lease obligations are as follows:

Fiscal Year Ending December 31,	Principal
2001	\$108,353
2002	94,851
2003	35,932
Total	239,136
Less Amount Representing Interest	(23,955)
Present value of minimum lease payments	<u><u>\$215,181</u></u>

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 16 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 2000, consist of the following individual fund receivables and payables:

Fund Type/Fund	Asset		Liability	
	Interfund Receivable	Due From Other Funds	Interfund Payable	Due To Other Funds
<i>General Fund</i>	\$51,860	\$1,767	\$0	\$0
<i>Special Revenue Funds</i>				
Auto and Gas	0	910	0	0
Mediation	0		13,000	0
Sheriff Commissary	0	0	0	519
CSEA	0	0	0	1,410
Diversion Grant	0	41,175	0	0
Human Services	0	0	0	49,962
Victim's Advocate	0	8,787	0	0
Ohio 4-H Carteens	0	0	38,860	0
<i>Total Special Revenue Funds</i>	<u>0</u>	<u>50,872</u>	<u>51,860</u>	<u>51,891</u>
<i>Agency Funds</i>				
County Court	0	0	0	748
<i>Total Agency Funds</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>748</u>
<i>Total All Funds</i>	<u>\$51,860</u>	<u>\$52,639</u>	<u>\$51,860</u>	<u>\$52,639</u>

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

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

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

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

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

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

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

NOTE 18 - CONTINGENT LIABILITIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the county commissioners believe such disallowances, if any, will be immaterial.

The Hospital maintains malpractice insurance coverage under a per occurrence basis with Ohio Hospital Insurance Company. Professional liability claims are currently pending against the Hospital. No provision for loss has been made in the accompanying financial statements because management is of the opinion that the ultimate liability, if any, resulting from the lawsuits would be adequately covered by insurance, and would not adversely affect the financial position of the Hospital.

BROWN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 19 - RESTATEMENT OF FUND BALANCES AND ACCOUNT GROUP BALANCES

In 2000, the County completed a new valuation of fixed assets. At December 31, 1999, interfund payables and interfund receivables were overstated. The restatements due to these had the following effects on fund balances and account group balances:

	General Fund	Special Revenue Funds	General Fixed Assets Account Group
Balance at December 31, 1999	\$2,198,405	\$11,973,483	\$14,293,929
Interfund Receivables	(9,467)	0	0
Interfund Payables	0	9,467	0
Fixed Assets	0	0	4,576,945
Restated Balance at December 31, 1999	<u>\$2,188,938</u>	<u>\$11,982,950</u>	<u>\$18,870,874</u>

NOTE 20 - GROW, INC.

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

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

B. DEPOSITS: At year end, the carrying amount of Grow, Inc.'s deposits was \$15,162 and the bank balance was \$15,595. The entire bank balance was covered by federal depository insurance. Grow, Inc. did not have any investments at year end. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

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

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BROWN COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grants for Prevention and Treatment of Substance Abuse	N/A	93.959	\$106,020
Alcohol, Drug and Mental Health Services Block Grant	N/A	93.992	66,728
Social Services Block Grant - Title XX	N/A	93.667	35,000
Medical Assistance Program - Title XIX	N/A	93.778	430,419
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant - Title XX	N/A	93.667	48,380
Medical Assistance Program - Title XIX	N/A	93.778	<u>234,325</u>
Total U.S. Department of Health and Human Services			<u>920,872</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through the Ohio Department of Development:</i>			
Community Development Block Grants/State's Program	B-F-98-008-1	14.228	4,175
	B-N-99-008-1	14.228	7,274
	B-F-99-008-1	14.228	190,828
	B-F-00-008-1	14.228	<u>7,725</u>
Total U.S. Department of Housing and Urban Development			<u>210,002</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through the Ohio Attorney General:</i>			
Crime Victim Assistance	99-VA-GENE-308	16.575	39,336
Byrne Formula Grant Program	99-LE-LEB-3050	16.579	2,377
<i>Direct from the Federal Government</i>			
Community Oriented Policing Services		16.710	<u>28,435</u>
Total U.S. Department of Justice			<u>70,148</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Passed Through the Ohio Emergency Management Agency</i>			
Public Assistance Grants	1122-DR-015-91000	83.544	11,963
	1164-DR-015-91000	83.544	<u>3,685</u>
Total Public Assistance Grants			15,648
Emergency Management Performance Grants		83.552	<u>33,549</u>
Total Federal Emergency Management Agency			<u>49,197</u>
U.S. DEPARTMENT OF PUBLIC SAFETY			
<i>Passed Through the Ohio Department of Public Safety:</i>			
State and Community Highway Safety	N/A	20.600	<u>19,235</u>
TOTAL FEDERAL ASSISTANCE			<u>\$1,269,454</u>

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

BROWN COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

NOTE C - MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

Brown County
800 Mt. Orab Pike
Georgetown, Ohio 45121

To the Board of County Commissioners:

We have audited the financial statements of Brown County, Ohio (the County), as of and for the year ended December 31, 2000, and have issued our report thereon dated August 29, 2001, wherein we noted that the financial statements of the Brown County General Hospital (the Proprietary Fund Type) were audited by other auditors. The report of the other auditors has been furnished to us, and our report on compliance, insofar as it relates to the Proprietary Fund Type, is based on the compliance report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-60408-001 and 2000-60408-002. We noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated August 29, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-60408-001 and 2000-60408-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated August 29, 2001.

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

Jim Petro
Auditor of State

August 29, 2001



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

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

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

Brown County
800 Mt. Orab Pike
Georgetown, Ohio 45121

To the Board of County Commissioners:

Compliance

We have audited the compliance of Brown County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended December 31, 2000. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would

Brown County
Report on Compliance with Requirements Applicable to Each Major
Federal Program and Internal Control over Compliance
In Accordance with OMB Circular A-133
Page 2

be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

August 29, 2001

BROWN COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2000-60408-001

Material Noncompliance / Reportable Condition

Ohio Rev. Code, Section 5705.36, requires the fiscal officer to certify on or about January 1, the amount available for expenditures in each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. January 1, 2000, cash fund balances were not decreased by the amount

**FINDING NUMBER 2000-60408-001
 (Continued)**

of the prior year carryover encumbrances. Due to not properly recording the January 1 unencumbered balances, incorrect amounts were certified for January 1, 2000.

Failure to certify the correct availability of funds can result in overspending funds and negative cash fund balances. Therefore, we recommend the Brown County Auditor exercise due care when certifying the amount available for expenditure in each fund, along with any unencumbered balances that existed at the end of the preceding year. The financial statements were adjusted to reflect the proper amounts.

FINDING NUMBER 2000-60408-002

Material Noncompliance / Reportable Condition

Ohio Rev. Code, Section 5705.39, requires that appropriations from each fund not exceed the total estimated revenue. Appropriations exceeded estimated revenue during fiscal year 2000 and at December 31, 2000 in the following funds:

DATE	FUND	Appropriations	Estimated Revenue	Variance
03/31/00	Human Services	\$3,316,150	\$2,930,942	\$(385,208)
08/30/00	Human Services	3,839,166	3,787,591	(51,575)
11/30/00	Human Services	3,839,166	3,787,591	(51,5754)
08/30/00	Mental Health and Alcohol	270,323	168,216	(102,107)
11/30/00	Mental Health and Alcohol	270,323	168,216	(102,107)
12/31/00	COPS	58,992	56,403	(2,589)
12/31/00	Human Services	3,807,058	3,528,216	(278,842)
12/31/00	Juvenile Corrections	57,862	38,155	(19,707)
12/31/00	CDBG	242,000	211,760	(30,240)
12/31/00	Children Services	1,200,000	1,178,371	(21,629)
12/31/00	Computer Equipment	62,789	51,269	(11,520)
12/31/00	Animal Shelter	30,000	16,534	(13,466)
12/31/00	Diversion Grant	156,931	151,837	(5,094)
12/31/00	County Issue II	500,000	0	(500,000)
12/31/00	County Capital Improvement	50,000	0	(50,000)

FINDING NUMBER 2000-60408-002
(Continued)

Failure to monitor appropriations compared to estimated revenues throughout the year could result in negative fund balances. We recommend that the County monitor appropriations to help ensure they are within estimated revenues.

3. FINDINGS FOR FEDERAL AWARDS

None

BROWN COUNTY

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1999-60408-001	There was a lack of security access controls in the County's computer system.	Yes	N/A
1999-60408-002	There were weaknesses in the County's fixed asset system.	Yes	N/A
1999-60408-003	The County was inconsistent in its accounting treatment of reimbursements, refunds, and error correction adjustments.	Partially	Some improvement noted



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

BROWN COUNTY FINANCIAL CONDITION

BROWN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 18, 2001