



Balestra, Harr & Scherer, CPAs, Inc.

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

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BROWN COUNTY FINANCIAL CONDITION BROWN COUNTY

SINGLE AUDIT

For the Year Ended December 31, 2013
Fiscal Year Audited Under GAGAS: 2013



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 19, 2015

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BROWN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis	13
Statement of Activities – Cash Basis	14
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds-Cash Basis	16
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds- Cash Basis	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis)- General Fund	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Developmental Disabilities Fund	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Job and Family Services Fund	20
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Auto and Gas Tax Fund	21
Statement of Cash Basis Assets and Net Position– Proprietary Funds- Cash Basis	22
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Position– Proprietary Funds- Cash Basis	23
Statement of Fiduciary Net Cash Position - Agency Funds- Cash Basis	24
Notes to the Basic Financial Statements	25
Schedule of Expenditures of Federal Awards	44
Notes to the Schedule of Expenditures of Federal Awards	46
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Governmental Auditing Standards</i>	47
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	49
Schedule of Findings OMB Circular A-133 Section §.505	52
Client Corrective Action Plan OMB Circular A-133 Section §.315(c)	56
Schedule of Prior Audit Findings OMB Circular A-133 Section §.315(b).....	57



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

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Independent Auditor's Report

Brown County
800 Mt. Orab Pike
Georgetown, Ohio 45121

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brown County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brown County, Ohio, as of December 31, 2013, and the respective changes in cash financial position, and the respective budgetary comparison for the General, Developmental Disabilities, Job and Family Services, and Auto and Gas Tax Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the accounting basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the County's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net cash position, changes in net cash position, total cost of program services for governmental activities and business-type activities, and outstanding debt at December 31 for governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

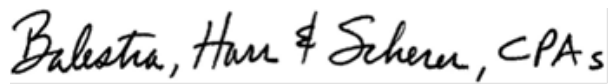
The Schedule of Expenditures of Federal Awards (the Schedule) also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 20, 2014

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The discussion and analysis of Brown County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2013, within the limitations of the County's cash basis of accounting. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- Total net cash position of the County increased \$265,378. The net cash position of governmental activities increased \$95,530 or 0.56% from 2012 and the net cash position of business-type activities increased \$169,848 or 7.16%.
- The County's major governmental funds include the General Fund, the Developmental Disabilities Fund, Job and Family Services Fund, and Auto and Gas Tax Fund. The 2013 General Fund cash disbursements and other financing uses of \$10,195,596 exceeded cash receipts of \$10,126,327 by \$69,269, which represents a 2.36% decrease from 2012. The 2013 General Fund beginning cash balance was \$2,937,178, whereas the ending cash balance was \$2,867,909.
- The Developmental Disabilities Fund, a major fund, had receipts and other financing sources of \$2,222,055 and cash disbursements of \$1,253,135 in 2013. The Developmental Disabilities Fund cash balance increased \$968,920 in 2013.
- The Job and Family Services Fund, a major fund, had receipts and other financing sources of \$2,805,784 and cash disbursements of \$2,891,083 in 2013. The Job and Family Services Fund cash balance decreased \$85,299 in 2013.
- The Auto and Gas Tax Fund, a major fund, had cash receipts of \$4,673,480 and cash disbursements of \$5,100,321 in 2013. The Auto and Gas Tax Fund cash balance decreased \$426,841 in 2013.

Using this Basic Financial Report

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

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the County as a financial whole, or, as an entire operating entity.

Report Components

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

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

Reporting the County as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

The statement of net position-cash basis and the statement of activities-cash basis reflect how the County did financially during 2013, within the limitations of the cash basis of accounting. The statement of net position – cash basis presents the cash balances and investments of the governmental and business-type activities of the County at year end. The statement of activities-cash basis compares cash disbursements with program cash receipts for each governmental program and business-type activity. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program or activity. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of cash basis accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other non-financial factors as well as such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position-cash basis and the statement of activities-cash basis, the County is divided into two distinctive types of activities:

Governmental Activities – Most of the County's programs and services are reported here, which include legislative and executive and judicial general government, human services, health, public safety, and public works. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements for the goods or services provided. The Solid Waste Fund is reported as a major enterprise fund and is reported as business activities.

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis can be found on pages 12-14 of this report.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, Developmental Disabilities Fund, Job and Family Services Fund and the Auto and Gas Tax Fund.

Governmental Funds: Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross cash receipts and cash disbursements on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities. See Note 2 to the basic financial statements. The governmental fund financial statements are reported on page 15-16 of this report.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets. The budgetary comparison statements are reported on pages 17-20 of this report.

Proprietary Funds: The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole. The proprietary fund financial statements are reported on pages 21-22 of this report.

Fiduciary Funds: Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The County's only fiduciary funds are agency funds.

Agency funds are custodial in nature and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The fiduciary fund financial statements are reported on page 23 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are found on pages 24-42 of this report.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The County as a Whole

Recall that the statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2013 as compared to 2012:

Table 1

Net Cash Position

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	2013 Total	2012 Total
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$17,191,566	\$17,096,036	\$ 2,542,546	\$2,372,698	\$19,734,112	\$19,468,734
Total Assets	17,191,566	17,096,036	2,542,546	2,372,698	19,734,112	19,468,734
<u>Net Cash Position</u>						
Restricted	14,323,657	14,158,858	-	-	14,323,657	14,158,858
Unrestricted	2,867,909	2,937,178	2,542,546	2,372,698	5,410,455	5,309,876
Total net cash position	<u>\$17,191,566</u>	<u>\$17,096,036</u>	<u>\$ 2,542,546</u>	<u>\$2,372,698</u>	<u>\$19,734,112</u>	<u>\$19,468,734</u>

The total net cash position of the County increased \$265,378. Net cash position of the governmental activities increased \$95,530, which represents a 0.56% increase from the 2012 balance. Net cash position of business-type activities increased \$169,848 or 7.16% from 2012.

A portion of the County's net cash position \$14,323,657, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net cash position of \$5,410,455 may be used to meet the government's ongoing obligations to citizens and creditors.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The Table below shows the changes in net cash position for 2013 as compared to 2012.

Table 2
Changes in Net Cash Position

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012*	2013	2012	2013	2012
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$4,557,183	\$5,042,919	\$1,596,970	\$1,540,466	\$6,154,153	\$6,583,385
Operating Grants and Contributions	12,839,832	12,130,711	-	-	12,839,832	12,130,711
Capital Grants and Contributions	261,907	468,013	-	-	261,907	468,013
Total Program Cash Receipts	17,658,922	17,641,643	1,596,970	1,540,466	19,255,892	19,182,109
<i>General Cash Receipts</i>						
Property Taxes	3,529,238	3,479,975	-	-	3,529,238	3,479,975
Sales Taxes	4,666,665	4,531,870	-	-	4,666,665	4,531,870
Grants and Entitlements Not Restricted to Specific Programs	1,626,467	1,133,542	-	-	1,626,467	1,133,542
Gifts and Donations	17,653	-	-	-	17,653	-
Miscellaneous	191,611	186,223	-	4,975	191,611	191,198
Interest	113,481	138,534	-	-	113,481	138,534
Proceeds from Bond Anticipation Notes	750,000	750,000	-	-	750,000	750,000
Total General Cash Receipts	10,895,115	10,220,144	-	4,975	10,895,115	10,225,119
Total Cash Receipts	28,554,037	27,861,787	1,596,970	1,545,441	30,151,007	29,407,228
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	4,772,178	5,208,030	-	-	4,772,178	5,208,030
Judicial	2,660,945	2,427,660	-	-	2,660,945	2,427,660
Public Safety	3,920,761	3,794,830	-	-	3,920,761	3,794,830
Public Works	5,317,121	5,656,026	-	-	5,317,121	5,656,026
Health	3,238,978	3,919,204	-	-	3,238,978	3,919,204
Human Services	4,735,495	4,431,640	-	-	4,735,495	4,431,640
Community and Economic Development	1,143,963	491,072	-	-	1,143,963	491,072
Capital Outlay	1,373,958	1,325,775	-	-	1,373,958	1,325,775
<i>Debt Service:</i>						
Principal Retirement	1,138,091	1,128,519	-	-	1,138,091	1,128,519
Interest and Fiscal Charges	157,017	172,875	-	-	157,017	172,875
Solid Waste	-	-	1,358,929	1,401,428	1,358,929	1,401,428
Sewer and Water	-	-	68,193	69,381	68,193	69,381
Total Cash Disbursements	28,458,507	28,555,631	1,427,122	1,470,809	29,885,629	30,026,440
Transfers In/Out (Net)	-	(10,000)	-	10,000	-	-
Change in Net Cash Position	95,530	(703,844)	169,848	84,632	265,378	(619,212)
Net Position at Beginning of Year	17,096,036	17,799,880	2,372,698	2,288,066	19,468,734	20,087,946
Net Position at End of Year	\$17,191,566	\$17,096,036	\$2,542,546	\$2,372,698	\$19,734,112	\$19,468,734

*Certain reclassifications were made to 2012 property tax receipts and legislative and executive disbursements to conform to the 2013 presentation. There was no effect on net position.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Net position increased \$95,530 in governmental activities in 2013. Program cash receipts were primarily composed of charges for services and operating grants and contributions which were \$4,557,183 and \$12,839,832, respectively. The increase in operating grants and contributions was related to increases in FEMA grants, increases in CDBG Funds and the additional Neighborhood Stabilization grants. Grants and entitlements not restricted to specific programs increased from 2012 due to additional casino tax receipts in 2013. Legislative and Executive disbursements decreased due to reduced Board of Election and health disbursements. Public Safety increased due to an increase in costs related to the Sheriff's Department. Community and economic development disbursements increased due to increased CDBG and neighborhood stabilization grant monies in 2013. Property taxes and sales taxes made up 12.4 percent and 16.3 percent, respectively, of cash receipts for governmental activities for the County in 2013. Operating grants and contributions made up 45.0 percent of cash receipts for governmental activities for the County.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 38.2 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Brown County.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 3 below shows the total and net cost of services (on the cash basis) for the County.

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

	2013		2012*	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$4,772,178	\$3,322,400	\$5,208,030	\$3,469,093
Judicial	2,660,945	1,408,998	2,427,660	946,494
Public Safety	3,920,761	2,294,646	3,794,830	2,922,995
Public Works	5,317,121	778,699	5,656,026	1,207,740
Health	3,238,978	485,154	3,919,204	114,576
Human Services	4,735,495	942,904	4,431,640	323,442
Community and Economic Development	1,143,963	158,708	491,072	(78,856)
Capital Outlay	1,373,958	200,873	1,325,775	749,612
Debt Service				
Principal Retirement	1,138,091	1,138,091	1,128,519	1,090,432
Interest and Fiscal Charges	157,017	69,112	172,875	168,460
Total Cash Disbursements -				
Governmental Activities	<u>\$28,458,507</u>	<u>\$10,799,585</u>	<u>\$28,555,631</u>	<u>\$10,913,988</u>
Business-Type Activities				
Solid Waste	\$1,358,929	(\$185,916)	\$1,401,428	(\$83,273)
Sewer and Water	68,193	16,068	69,381	13,616
Total Cash Disbursements -				
Business-Type Activities	<u>\$1,427,122</u>	<u>(\$169,848)</u>	<u>\$1,470,809</u>	<u>(\$69,657)</u>

* Certain reclassifications were made to 2012 property tax receipts and legislative and executive disbursements to conform to the 2013 presentation. There was no effect on net position.

Business-Type Activities

Business-type activities include solid waste management and water and sewer services. Overall net assets increased \$169,848 from 2012 to 2013. Program cash receipts generally supported business-type activities and during 2013 program cash receipts exceeded program cash disbursements, which resulted in the above increase.

The County's Funds

Information about the County's major funds starts on page 15. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts of \$29,195,602 and cash disbursements of \$29,100,072. The net change in fund balance for the year was most significant in the Developmental Disabilities Fund, and the Auto and Gas Tax Fund. The fund balance in the Developmental Disabilities Fund increased \$968,920 primarily due to less disbursements in 2013. The fund balance of the Job and Family Services Fund decreased \$85,299 primarily due to a decrease in cash receipts. The fund balance of the Auto and Gas Tax Fund decreased \$426,841 primarily due to an excess of disbursements over receipts. The fund balance of the General Fund decreased \$69,269 primarily due to transfers out.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

General Fund Budgeting Highlights

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

For the General Fund, final budgeted receipts were \$8,938,998 while original budgeted receipts were \$8,701,980. Actual cash basis receipts were \$9,683,197 which represents an increase of \$744,199 greater than final budgeted receipts.

Total actual disbursements and other financing uses on the budget basis (cash plus encumbrances) were \$10,084,321, which was \$443,082 below final appropriated disbursements and other financing uses. The primary reasons for this variance can be attributed to a decrease in encumbrances from the prior year as well as decreased disbursements related to the health insurance expenses paid by the County.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. Total capital outlay disbursements were \$1,373,958 in governmental activities and \$0 in business-type activities.

Debt

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2013, the County had \$2,821,170 in bonds and related long-term debt for governmental activities. The County also had a \$750,000 bond anticipation note payable as of December 31, 2013. For additional information on debt, please see Notes 13 & 14 to the basic financial statements.

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

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2013	2012
General Obligation Bonds	\$1,490,000	\$1,745,000
Long Term Notes	1,155,442	1,279,783
Forgivable Debt	175,728	184,478
Totals	\$2,821,170	\$3,209,261

Current Financial Related Activities

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

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

Contacting the County's Financial Management

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

Brown County
Statement of Net Position - Cash Basis
As of December 31, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$17,191,566	\$2,542,546	\$19,734,112
<i>Total Assets</i>	<u>17,191,566</u>	<u>2,542,546</u>	<u>19,734,112</u>
NET POSITION:			
Restricted for Debt Service	135,296	-	135,296
Restricted for Capital Projects	260,696	-	260,696
Restricted for Public Assistance	575,674	-	575,674
Restricted for Mental Health	540,220	-	540,220
Restricted for DD	4,263,665	-	4,263,665
Restricted for Real Estate Assessment	1,479,510	-	1,479,510
Restricted for CSEA	522,038	-	522,038
Restricted for Childrens Services	468,535	-	468,535
Restricted for Auto and Gas Tax	2,790,421	-	2,790,421
Restricted for Residential Facility/DD	458,117	-	458,117
Restricted for Other Purposes	2,829,485	-	2,829,485
Unrestricted	<u>2,867,909</u>	<u>2,542,546</u>	<u>5,410,455</u>
<i>Total Net Position</i>	<u><u>\$17,191,566</u></u>	<u><u>\$2,542,546</u></u>	<u><u>\$19,734,112</u></u>

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

Brown County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	\$4,772,178	\$1,141,874	\$307,904	-
Judicial	2,660,945	569,001	682,946	-
Public Safety	3,920,761	871,754	754,361	-
Public Works	5,317,121	275,828	4,262,594	-
Health	3,238,978	504,873	2,248,951	-
Human Services	4,735,495	773,796	3,018,795	-
Community and Economic Development	1,143,963	176,385	808,870	-
Capital Outlay	1,373,958	210,011	701,167	261,907
Debt Service:				
Principal Retirement	1,138,091	-	-	-
Interest and Fiscal Charges	157,017	33,661	54,244	-
<i>Total Governmental Activities</i>	<u>28,458,507</u>	<u>4,557,183</u>	<u>12,839,832</u>	<u>261,907</u>
Business-Type Activities:				
Solid Waste	1,358,929	1,544,845	-	-
Sewer and Water	68,193	52,125	-	-
<i>Total Business-Type Activities</i>	<u>1,427,122</u>	<u>1,596,970</u>	<u>-</u>	<u>-</u>
<i>Totals</i>	<u>\$29,885,629</u>	<u>\$6,154,153</u>	<u>\$12,839,832</u>	<u>\$261,907</u>

General Cash Receipts

Property Taxes Levied for:
 General Purposes
 DD Purposes
 Other Purposes
Sales Taxes Levied for General Purposes
Sales Taxes Levied for 911 Services
Grants and Entitlements Not
 Restricted to Specific Programs
Gifts and Donations
Miscellaneous
Interest
Proceeds from Bond Anticipation Notes

Total General Cash Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

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

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$3,322,400)	-	(\$3,322,400)
(1,408,998)	-	(1,408,998)
(2,294,646)	-	(2,294,646)
(778,699)	-	(778,699)
(485,154)	-	(485,154)
(942,904)	-	(942,904)
(158,708)	-	(158,708)
(200,873)	-	(200,873)
(1,138,091)	-	(1,138,091)
(69,112)	-	(69,112)
<u>(10,799,585)</u>	<u>-</u>	<u>(10,799,585)</u>
-	185,916	185,916
<u>-</u>	<u>(16,068)</u>	<u>(16,068)</u>
<u>-</u>	<u>169,848</u>	<u>169,848</u>
2,320,582	-	2,320,582
1,042,952	-	1,042,952
165,704	-	165,704
3,890,433	-	3,890,433
776,232	-	776,232
1,626,467	-	1,626,467
17,653	-	17,653
191,611	-	191,611
113,481	-	113,481
750,000	-	750,000
<u>10,895,115</u>	<u>-</u>	<u>10,895,115</u>
95,530	169,848	265,378
<u>17,096,036</u>	<u>2,372,698</u>	<u>19,468,734</u>
<u>\$17,191,566</u>	<u>\$2,542,546</u>	<u>\$19,734,112</u>

Brown County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds - Cash Basis
As of December 31, 2013

	General	Developmental Disabilities	Job and Family Services	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
ASSETS:						
Equity in Pooled Cash and Cash Equivalents	\$2,867,909	\$4,263,665	\$575,674	\$2,790,421	\$6,693,897	\$17,191,566
<i>Total Assets</i>	<u>2,867,909</u>	<u>4,263,665</u>	<u>575,674</u>	<u>2,790,421</u>	<u>6,693,897</u>	<u>17,191,566</u>
FUND BALANCES:						
Non Spendable	149,173	-	-	-	-	149,173
Restricted	-	4,263,665	575,674	2,790,421	6,693,897	14,323,657
Assigned	1,082,238	-	-	-	-	1,082,238
Unassigned	1,636,498	-	-	-	-	1,636,498
<i>Total Fund Balances</i>	<u>\$2,867,909</u>	<u>\$4,263,665</u>	<u>\$575,674</u>	<u>\$2,790,421</u>	<u>6,693,897</u>	<u>\$17,191,566</u>

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

Brown County
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds - Cash Basis
For the Year Ended December 31, 2013

	General	Developmental Disabilities	Job and Family Services	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:						
Property Taxes	\$ 2,320,582	\$ 1,042,952	\$ -	\$ -	\$ 165,704	\$ 3,529,238
Sales Taxes	3,890,433	-	-	-	776,232	4,666,665
Charges for Services	2,053,406	90,359	192,047	235,183	1,457,164	4,028,159
Licenses and Permits	-	-	-	-	75,683	75,683
Fines and Forfeitures	307,077	-	-	15,746	130,518	453,341
Intergovernmental	1,296,558	1,045,317	2,524,546	4,422,551	5,439,234	14,728,206
Interest	113,481	-	-	-	-	113,481
Contributions and Donations	-	1,817	-	-	15,836	17,653
Other	144,790	3,785	-	-	43,036	191,611
<i>Total Cash Receipts</i>	<u>10,126,327</u>	<u>2,184,230</u>	<u>2,716,593</u>	<u>4,673,480</u>	<u>8,103,407</u>	<u>27,804,037</u>
CASH DISBURSEMENTS:						
Current:						
General Government:						
Legislative and Executive	4,371,967	-	-	-	400,211	4,772,178
Judicial	1,708,852	-	-	-	952,093	2,660,945
Public Safety	2,877,088	-	-	-	1,043,673	3,920,761
Public Works	67,419	-	-	5,100,321	149,381	5,317,121
Health	58,822	1,253,135	-	-	1,927,021	3,238,978
Human Services	469,883	-	2,891,083	-	1,374,529	4,735,495
Community and Economic Development	-	-	-	-	1,143,963	1,143,963
Capital Outlay	-	-	-	-	1,373,958	1,373,958
Debt Service:						
Principal Retirement	-	-	-	-	1,138,091	1,138,091
Interest and Fiscal Charges	-	-	-	-	157,017	157,017
<i>Total Cash Disbursements</i>	<u>9,554,031</u>	<u>1,253,135</u>	<u>2,891,083</u>	<u>5,100,321</u>	<u>9,659,937</u>	<u>28,458,507</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>572,296</u>	<u>931,095</u>	<u>(174,490)</u>	<u>(426,841)</u>	<u>(1,556,530)</u>	<u>(654,470)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Bond Anticipation Notes	-	-	-	-	750,000	750,000
Transfers In	-	37,825	89,191	-	514,549	641,565
Transfers Out	(641,565)	-	-	-	-	(641,565)
<i>Total Other Financing Sources (Uses)</i>	<u>(641,565)</u>	<u>37,825</u>	<u>89,191</u>	<u>-</u>	<u>1,264,549</u>	<u>750,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(69,269)</u>	<u>968,920</u>	<u>(85,299)</u>	<u>(426,841)</u>	<u>(291,981)</u>	<u>95,530</u>
<i>Fund Cash Balance at Beginning of Year</i>	<u>2,937,178</u>	<u>3,294,745</u>	<u>660,973</u>	<u>3,217,262</u>	<u>6,985,878</u>	<u>17,096,036</u>
<i>Fund Cash Balance at End of Year</i>	<u>\$2,867,909</u>	<u>\$4,263,665</u>	<u>\$575,674</u>	<u>\$2,790,421</u>	<u>\$6,693,897</u>	<u>\$17,191,566</u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2013*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Property Taxes	\$2,117,798	\$2,175,482	\$2,320,582	\$145,100
Sales Taxes	3,550,469	3,647,174	3,890,433	243,259
Charges for Services	1,346,942	1,383,629	1,623,900	240,271
Fines and Forfeitures	280,243	287,876	307,077	19,201
Intergovernmental	1,183,259	1,215,487	1,296,558	81,071
Interest	103,565	106,385	113,481	7,096
Other	119,704	122,965	131,166	8,201
<i>Total Receipts</i>	<u>8,701,980</u>	<u>8,938,998</u>	<u>9,683,197</u>	<u>744,199</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	4,160,183	4,401,264	4,336,217	65,047
Judicial	1,540,736	1,735,817	1,547,760	188,057
Public Safety	2,947,211	2,943,643	2,940,767	2,876
Public Works	68,631	68,631	67,419	1,212
Health	75,113	75,113	74,577	536
Human Services	601,734	523,292	506,016	17,276
<i>Total Disbursements</i>	<u>9,393,608</u>	<u>9,747,760</u>	<u>9,472,756</u>	<u>275,004</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(691,628)</u>	<u>(808,762)</u>	<u>210,441</u>	<u>1,019,203</u>
OTHER FINANCING (USES):				
Transfers Out	(100,000)	(779,529)	(611,565)	167,964
Advances Out	-	(114)	-	114
<i>Total Other Financing (Uses)</i>	<u>(100,000)</u>	<u>(779,643)</u>	<u>(611,565)</u>	<u>168,078</u>
<i>Excess of Receipts Over (under) Disbursements and Other Financing Uses</i>	<u>(791,628)</u>	<u>(1,588,405)</u>	<u>(401,124)</u>	<u>1,187,281</u>
<i>Fund Balance at Beginning of Year</i>	1,412,043	1,412,043	1,412,043	-
<i>Prior Year Encumbrances Appropriated</i>	419,476	419,476	419,476	-
<i>Fund Balance at End of Year</i>	<u>\$1,039,891</u>	<u>\$243,114</u>	<u>\$1,430,395</u>	<u>\$1,187,281</u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2013*

	Developmental Disabilities Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$852,161	\$852,161	\$1,042,952	\$190,791
Charges for Services	73,829	73,829	90,359	16,530
Intergovernmental	854,093	854,093	1,045,317	191,224
Contributions and Donations	1,485	1,485	1,817	332
Other	3,093	3,093	3,785	692
<i>Total Receipts</i>	<u>1,784,661</u>	<u>1,784,661</u>	<u>2,184,230</u>	<u>399,569</u>
DISBURSEMENTS:				
Current:				
Health	1,669,189	1,770,827	1,485,605	285,222
<i>Total Disbursements</i>	<u>1,669,189</u>	<u>1,770,827</u>	<u>1,485,605</u>	<u>285,222</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>115,472</u>	<u>13,834</u>	<u>698,625</u>	<u>684,791</u>
OTHER FINANCING SOURCES:				
Transfers In	-	-	37,825	37,825
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>37,825</u>	<u>37,825</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements</i>	115,472	13,834	736,450	722,616
<i>Fund Balance at Beginning of Year</i>	3,146,056	3,146,056	3,146,056	-
<i>Prior Year Encumbrances Appropriated</i>	<u>148,689</u>	<u>148,689</u>	<u>148,689</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,410,217</u></u>	<u><u>\$3,308,579</u></u>	<u><u>\$4,031,195</u></u>	<u><u>\$722,616</u></u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2013*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Intergovernmental	\$ 3,021,420	\$ 3,021,420	\$ 2,716,593	\$ (304,827)
<i>Total Receipts</i>	<u>3,021,420</u>	<u>3,021,420</u>	<u>2,716,593</u>	<u>(304,827)</u>
DISBURSEMENTS:				
Current:				
Human Services	3,240,057	3,259,670	2,971,644	288,026
<i>Total Disbursements</i>	<u>3,240,057</u>	<u>3,259,670</u>	<u>2,971,644</u>	<u>288,026</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(218,637)</u>	<u>(238,250)</u>	<u>(255,051)</u>	<u>(16,801)</u>
OTHER FINANCING SOURCES:				
Transfers In	165,000	165,000	89,191	(75,809)
<i>Total Other Financing Sources</i>	<u>165,000</u>	<u>165,000</u>	<u>89,191</u>	<u>(75,809)</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements</i>	<u>(53,637)</u>	<u>(73,250)</u>	<u>(165,860)</u>	<u>(92,610)</u>
<i>Fund Balance at Beginning of Year</i>	564,310	564,310	564,310	-
<i>Prior Year Encumbrances Appropriated</i>	<u>96,663</u>	<u>96,663</u>	<u>96,663</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$607,336</u></u>	<u><u>\$587,723</u></u>	<u><u>\$495,113</u></u>	<u><u>(\$92,610)</u></u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2013*

	Auto and Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$ 152,389	\$ 152,389	\$ 235,183	\$ 82,794
Intergovernmental	4,014,373	4,014,373	4,422,551	408,178
Interest	14,086	14,086	15,746	1,660
<i>Total Receipts</i>	<u>4,180,848</u>	<u>4,180,848</u>	<u>4,673,480</u>	<u>492,632</u>
DISBURSEMENTS:				
Current:				
Public Works	6,051,302	7,508,536	5,500,965	2,007,571
<i>Total Disbursements</i>	<u>6,051,302</u>	<u>7,508,536</u>	<u>5,500,965</u>	<u>2,007,571</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(1,870,454)</u>	<u>(3,327,688)</u>	<u>(827,485)</u>	<u>2,500,203</u>
<i>Fund Balance at Beginning of Year</i>	2,011,460	2,011,460	2,011,460	-
<i>Prior Year Encumbrances Appropriated</i>	<u>1,205,802</u>	<u>1,205,802</u>	<u>1,205,802</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$1,346,808</u>	<u>(\$110,426)</u>	<u>\$2,389,777</u>	<u>\$2,500,203</u>

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

Brown County
Statement of Cash Basis Assets and Net Position
Proprietary Funds - Cash Basis
As of December 31, 2013

	Solid Waste	Other Enterprise	Total Enterprise Funds
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$2,541,169	\$1,377	\$2,542,546
NET POSITION:			
Unrestricted	\$2,541,169	\$1,377	\$2,542,546

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

Brown County
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Net Cash Position
 Proprietary Funds - Cash Basis
 For the Year Ended December 31, 2013*

	<u>Solid Waste</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
OPERATING CASH RECEIPTS:			
Charges for Services	\$1,542,880	\$52,125	\$1,595,005
Other	1,965	-	1,965
<i>Total Operating Cash Receipts</i>	<u>1,544,845</u>	<u>52,125</u>	<u>1,596,970</u>
OPERATING CASH DISBURSEMENTS:			
Salaries and Wages	-	34,461	34,461
Fringe Benefits	-	5,441	5,441
Contractual Services	1,358,929	28,291	1,387,220
<i>Total Operating Cash Disbursements</i>	<u>1,358,929</u>	<u>68,193</u>	<u>1,427,122</u>
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	<u>185,916</u>	<u>(16,068)</u>	<u>169,848</u>
<i>Changes in Net Cash Position</i>	185,916	(16,068)	169,848
<i>Net Cash Position at Beginning of Year</i>	<u>2,355,253</u>	<u>17,445</u>	<u>2,372,698</u>
<i>Net Cash Position at End of Year</i>	<u><u>\$2,541,169</u></u>	<u><u>\$1,377</u></u>	<u><u>\$2,542,546</u></u>

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

Brown County
Statement of Fiduciary Net Cash Position
Agency Funds - Cash Basis
As of December 31, 2013

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 3,991,347
Cash and Cash Equivalents in Segregated Accounts	<u>698,053</u>
<i>Total Assets</i>	<u>4,689,400</u>
NET POSITION:	
Unrestricted	<u>4,689,400</u>
<i>Total Net Position</i>	<u><u>\$4,689,400</u></u>

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

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION

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

Reporting Entity

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

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

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

Component units are legally separate organizations for which the county is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs and services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the County in that the County approves the organization’s budget, the issuance of its debt or levying of its taxes. The County had no component units at December 31, 2013.

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

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

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

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Ohio Valley Resource Conservation and Development Area, Inc. - Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Brown County, along with Ross, Vinton, Highland, Pike, Adams, Scioto, Jackson, Gallia, and Lawrence Counties, each appoint three members to a thirty member council. The Council selects an administrator to oversee operations. Each entity contributes \$250 annually; other revenue is from USDA grants. Brown County does not have any ongoing financial interest or responsibilities nor can it significantly influence management.

Workforce Investment Board – The Workforce Investment Board is a jointly governed organization of representatives from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county. The forty-eight-member board includes twelve members from each participating county and includes fifty-one percent of its members from the private sector. The remaining members include individuals from education, one-stop partners, juvenile justice centers, labor organizations, local public housing and former participants. The Workforce Investment Board typically meets three to four times per year and is responsible for the five year plan, selecting one stop operators, selecting youth providers and coordinating all activities in association with Workforce Improvement Act funds. This board enables the participating counties to have more local control over the programs, which they assist in overseeing. The Workforce Advisory Board received no contributions from the County during 2013.

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

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

The County's payment for insurance of CORSA in 2013 was \$205,342. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

County Commissioners' Association of Ohio Workers' Compensation Group Rating Program - The County is participating in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association of Ohio (WCGRP) is a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees, fees for risk management services, and general management fees; determining ongoing responsibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and the treasurer of the County Commissioners' Association of Ohio and the remaining five members are elected by 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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The County uses the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position-cash basis presents the cash basis financial condition of the governmental and business-type activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities and business-type activities. These statements include the financial activities of the primary government, except for fiduciary funds. Direct cash disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function or business-type program is self-financing or draws from the general cash receipts of the County.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds: Governmental funds are those through which most governmental function of the County are financed. The acquisition, use and balances of the County's expendable financial resources are accounted for through governmental funds. The following are the County's major governmental funds:

General Fund

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

Developmental Disabilities Fund

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Job and Family Services Fund

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

Auto and Gas Tax Fund

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

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

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

Enterprise Funds

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

Fiduciary Funds: Fiduciary fund reporting focuses on cash basis assets and net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature and do not involve measurement of the results of operations. The County's only fiduciary funds are agency funds that account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Presentation

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. Receipts are recognized with received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

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

Cash Receipts-Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

D. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the County may appropriate. The appropriation resolution is the County's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the County. The legal level of control has been established by the County at the object level within each function of each fund.

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

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

E. Cash and Investments

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

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

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

During 2013, investments were limited to nonnegotiable certificates of deposits and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis accounting, investments of nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in STAR Ohio during 2013. STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s shares price, which is the price the investment could be sold for on December 31, 2013.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 were \$113,481.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Unpaid Vacation, Personal, Compensatory Time & Sick Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

L. Net Position

Net position represents the cash basis assets held by the County at year end. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for grants. The County applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net position is available.

Of the County's \$14,323,657 in restricted net position, none is restricted by enabling legislation.

M. Fund Balance

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

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

N. Interfund Transactions

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For 2013, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62,” GASB Statement No. 69, “Government Combinations and Disposals of Government Operations,” and GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, and transfers of operations.

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The implementation of GASB Statements No. 66, 69, and 70 had no effect on the financial statements.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances.

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

	General	Developmental Disabilities	Job and Family Services	Auto and Gas
Cash Basis Fund Balance	\$2,867,909	\$4,263,665	\$575,674	\$2,790,421
Encumbrances	(275,030)	(232,470)	(80,561)	(400,644)
Perspective Difference: Activity of funds Reclassified for GAAP Reporting Purposes	(1,162,484)	0	0	0
Budget Basis (Net Change in Pooled Cash)	<u>\$1,430,395</u>	<u>\$4,031,195</u>	<u>\$495,113</u>	<u>\$2,389,777</u>

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

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

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

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

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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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;

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

6. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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 (A) or (B) 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;
10. Bankers’ acceptance and commercial paper notes for a period not to exceed two hundred and seventy days and in an amount not to exceed ten percent of the County’s total average portfolio; and
11. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the County had \$3,000 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

Deposits

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

The County’s bank balance of \$24,495,233 is either covered by FDIC or collateralized by the financial institutions’ public entity deposit pools in the manner as described above.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Investments

As of December 31, 2013, the County had the following investments:

Investment Type	Carrying Value	Investment Matures in Less than 1 Year
STAR Ohio	401,108	401,108
Total Investments	\$401,108	\$401,108

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

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

STAR Ohio carries a rating of AAAM by Standard and Poor’s. The County has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of credit risk is the percentage of all investments placed with one particular investment type. The County places no limit on the amount that may be invested in any one issuer. The County has invested 100% of its investments in STAR Ohio.

NOTE 6 – PERMISSIVE SALES TAX

In 1990, in accordance with Section 5739.021 of the Revised Code, the County Commissioners, by resolution, imposed a 1% tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of tax are paid to the State Treasurer by the 23rd day of the month following collection. The State Tax Commissioner certified to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner’s certification must be made within 45 days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund. The Brown County Commissioners implemented an additional .25% in 2012 which is effective beginning 2014 for a period of 5 years. For 2013, permissive sales tax receipts amounted to \$3,890,433 in the General Fund.

In 1993 an additional ½% sales and use tax was passed, and then rolled back to ¼%, by the voters for the purpose of funding and operation of a 9-1-1 system in the County. Proceeds of the tax are credited to the 9-1-1 Emergency Fund (a nonmajor governmental fund). For 2013, permissive sales tax receipts amounted to \$776,232 in the 9-1-1 Emergency Fund (a nonmajor governmental fund).

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 7 – PROPERTY TAX

Property taxes include amounts levied against all real and public utility located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all County operations for the year ended December 31, 2013 was \$7.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$608,644,710
Commercial/Industrial	65,626,480
Total Real Property	<u>674,271,190</u>
<u>Public Utility</u>	
Real	262,030
Personal	36,543,700
Total Assessed Value	<u><u>\$711,076,920</u></u>

NOTE 8 – RISK MANAGEMENT

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

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to fifty-seven members. Under the CORSA program general liability, auto liability, error and omission liability, and law enforcement liability are covered in the amount of \$1,000,000, with a \$2,500 deductible. The limit applies to any one occurrence of loss, with no annual aggregate except for the Error and Omissions Liability and General Liability on Products and Completed Operations Limit, which both have the same per occurrence and annual aggregate limit. In addition, the County has \$6,000,000 of excess liability coverage, which has no deductible. This coverage is for claims in excess of underlying limits for general liability, law enforcement liability, automotive liability, and errors and omissions liability, with the exception of stop gap liability and uninsured/underinsured motorists. Real and personal property damage is on a replacement cost basis. Equipment breakdown coverage has a combined limit with property damage, business income, extra expense, and service interruption of \$100,000,000 for each accident. There are several additional sublimits which have various coverage amounts for each accident. Settled claims have not exceeded this commercial coverage in any of the last three years.

NOTE 8 – RISK MANAGEMENT (continued)

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

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

Workers' Compensation benefits are provided through the Ohio Bureau of Workers' Compensation. In 2013, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program (WCGRP), a workers' compensation group purchasing pool (See Note 1). The intent of the WCGRP 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 WCGRP. Each participant pays its workers' compensation premium to the State based on the rate for the WCGRP rather than its individual rate.

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

The County may withdraw from the WCGRP 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 WCGRP prior to withdrawal, and any participant leaving the WCGRP allows representatives of the WCGRP to access loss experience for years following the last year of participation.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System (OPERS)

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
 - 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The member contribution rates were 10.0%, 10.0%, and 10.0% for 2013, 2012, and 2011, respectively, for the County. Public safety and law enforcement members contributed at a rate of 12.0% and 12.6%, 11.5% and 12.1%, and 11.0% and 11.6% for 2013, 2012 and 2011, respectively.

The employer contribution rates were 14.0%, 14.0%, and 14.0%, of covered payroll for 2013, 2012, and 2011, respectively, for the County. For both the law enforcement and public safety divisions, the employer contribution rates were 18.10%, 18.10%, and 18.10%, respectively.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$1,248,585, \$1,009,866, and \$1,015,242, respectively. Contributions to the member-directed plan for 2013 were \$3,990 made by the County and \$2,850 made by the plan members.

NOTE 10 – POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage.

NOTE 10 – POST EMPLOYMENT BENEFITS (Continued)

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2013, the County contributed at 14.0% of covered payroll for local government employer units and 18.1% for public safety and law enforcement. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar years 2012 and 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar years 2012 and 2011. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$89,434 for 2013, \$386,079 for 2012, and \$281,580 for 2011, which were equal to the required allocation for each year.
- D. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Insurance Benefits

The County provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance, with a Health Savings Account plan. The County has elected to provide employee medical/surgical benefits through Meritain Health. The premium varies with employee depending on the department and terms of the union contract. The County does not share in the cost of premiums for dental or vision insurance.

NOTE 12 – CONTINGENT LIABILITIES

- A. Grants
Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, the County Commissioners believe such refunds, if any, would not be material.
- B. Litigation
The County has various cases pending, the outcome of which is not determinable as of the date of this report; however, management believes that the resolution of these matters will not materially adversely affect the County's financial condition.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 13 – NOTE PAYABLE

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

	Principal Outstanding 12/31/12	Additions	Reductions	Principal Outstanding 12/31/13	Amounts Due In One Year
Bond Anticipation Note	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Total Obligations	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>

On February 14, 2013 the County retired a \$750,000 Series 2012 Bond Anticipation Note with proceeds from the issuance of a \$750,000 Series 2013 Bond Anticipation Note. The Series 2013 Bond Anticipation Note bears an interest rate of 3.25% and matures on February 13, 2014. The note activity is recorded in a bond retirement fund (a nonmajor governmental fund).

NOTE 14 – LONG-TERM DEBT

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

Governmental Activities	Principal Outstanding 12/31/12	Additions	Reductions	Principal Outstanding 12/31/13	Amounts Due In One Year
General Obligation Bonds:					
Brown County Public Library					
District Refunding Bonds	\$830,000	\$-	\$195,000	\$635,000	\$205,000
Mental Health Program					
Refunding Bonds	150,000	-	20,000	130,000	20,000
Emergency Communications					
Systems Limited Tax Bonds	<u>765,000</u>	-	<u>40,000</u>	<u>725,000</u>	<u>40,000</u>
Total General Obligations Bonds	1,745,000	-	255,000	1,490,000	265,000
Other Long-Term Obligations:					
County Courthouse Repair Note	\$685,598	\$-	\$66,611	\$618,987	\$68,824
Probate Court Note	594,185	-	57,730	536,455	59,647
Forgivable Debt(Mental Health)	<u>184,478</u>	-	<u>8,750</u>	<u>175,728</u>	<u>8,750</u>
Total Other Long-Term Obligations	<u>1,464,261</u>	-	<u>133,091</u>	<u>1,331,170</u>	<u>137,221</u>
Total General and Other Long-Term Obligations	<u>\$3,209,261</u>	<u>\$-</u>	<u>\$388,091</u>	<u>\$2,821,170</u>	<u>\$402,221</u>

The County’s total legal debt margin was \$12,677,457 with an unvoted debt margin of \$4,059,458.

In fiscal year 2008, the County issued \$1,735,000 in Public Library District Fractionalized Interest Bonds to refund \$1,735,000 in outstanding bonds. The Brown County Public Library District Fractionalized Interest Bonds will be retired from proceeds of a voted tax levied upon the County residents living in the Library District and will be paid from the Debt Service Fund.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 14 – LONG-TERM DEBT (Continued)

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

During fiscal year 2010, the County issued \$800,000 in Emergency Communication Systems Limited Tax General Obligation Bonds to finance improvements to the County’s emergency communications systems. These bonds were issued at interest rates ranging from 4.7% to 7.0% and mature December 1, 2026. These bonds are being retired from the E-911 ¼% Sales Tax Fund.

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

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

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

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

Years Ended December 31,	Library General Obligation		Mental Health General Obligations		Emergency Communication General Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	205,000	29,956	20,000	6,050	40,000	45,210
2015	210,000	21,500	20,000	5,225	45,000	43,330
2016	220,000	11,000	20,000	4,225	45,000	41,215
2017	-	-	20,000	3,225	45,000	39,100
2018	-	-	25,000	2,225	50,000	36,400
2019-2023	-	-	25,000	1,113	285,000	134,300
2024-2026	-	-	-	-	215,000	30,450
Total	\$635,000	\$62,456	\$130,000	\$22,063	\$725,000	\$370,005

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 14 – LONG-TERM DEBT (Continued)

Years Ended December 31,	County Courthouse Repair Long Term Notes		Probate Court Long Term Notes	
	Principal	Interest	Principal	Interest
2014	68,824	19,832	59,647	17,185
2015	71,110	17,545	61,628	15,203
2016	73,428	15,227	63,638	13,194
2017	75,912	12,744	65,790	11,041
2018	78,434	10,221	67,976	8,855
2019-2021	251,279	14,688	217,776	12,717
Total	\$618,987	\$90,257	\$536,455	\$78,195

Years Ended December 31,	Forgivable Debt Principal
2014	8,750
2015	8,750
2016	8,750
2017	8,750
2018	8,750
2019-2023	43,750
2024-2028	43,750
2029-2033	43,750
2034-2035	728
Total	175,728

NOTE 15 – INTERFUND TRANSFERS/ADVANCES

Interfund cash transfers for the year ended December 31, 2013, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	(\$641,565)
Job and Family Services Fund	89,191	-
Developmental Disabilities Fund	37,825	-
Other Governmental Funds	514,549	-
Total	\$641,565	(\$641,565)

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

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

NOTE 17 – SUBSEQUENT EVENT

On February 14, 2014 the County paid off \$750,000 in 2013 Bond Anticipation Notes through the issuance of \$750,000 in 2014 Bond Anticipation Notes with an interest rate of 3.25% maturing February 13, 2015.

NOTE 18 – FUND BALANCE

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

Fund Balance	General	Developmental Disabilities	Auto and Gas Tax	Job and Family Services	All Other Governmental	Total Governmental Funds
Non Spendable						
Unclaimed Monies	\$ 149,173	\$ -	\$ -	\$ -	\$ -	\$ 149,173
Restricted For						
Other Purposes	-	-	-	-	2,829,485	2,829,485
CSEA	-	-	-	-	522,038	522,038
Residential Facility/DD	-	-	-	-	458,117	458,117
Real Estate Assessment	-	-	-	-	1,479,510	1,479,510
Children Services	-	-	-	-	468,535	468,535
Mental Health	-	-	-	-	540,220	540,220
Road Repair and Other Purposes	-	-	2,790,421	-	-	2,790,421
Job and Family Services	-	-	-	575,674	-	575,674
Board of DD	-	4,263,665	-	-	-	4,263,665
Debt Service Payments	-	-	-	-	135,296	135,296
Capital Improvements	-	-	-	-	260,696	260,696
Total Restricted	-	4,263,665	2,790,421	575,674	6,693,897	14,323,657
Assigned	1,082,238	-	-	-	-	1,082,238
Unassigned	1,636,498	-	-	-	-	1,636,498
Total Fund Balances	\$ 2,867,909	\$ 4,263,665	\$ 2,790,421	\$ 575,674	\$ 6,693,897	\$ 17,191,566

Brown County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the Ohio Department of Job and Family Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1415-11-5333	\$ 282,702
<i>Passed through the Ohio Department of Natural Resources:</i>			
Emergency Watershed Protection Program- ARRA	10.923	N/A	<u>25,111</u>
Total U.S. Department of Agriculture			<u>307,813</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through the Ohio Department of Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Formula Allocation Program	14.228	B-F-11-1AH-1	265,878
Formula Allocation Program	14.228	B-F-11-1AH-1	65,012
Formula Allocation Program	14.228	B-C-12-1AH-1	122,217
Formula Allocation Program	14.228	B-F-12-1AH-1	<u>132,203</u>
Total Formula Allocation Program			<u>585,310</u>
Home Investment Partnership Program	14.239	B-C-12-1AH-2	141,200
Home Investment Partnership Program	14.239	B-C-10-1AH-2	<u>195</u>
Total Home Investment Partnership Program			<u>141,395</u>
Total U.S. Department of Housing and Urban Development			<u>726,705</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed through the Ohio Attorney General:</i>			
Crime Victims Assistance	16.575	2013VAGENE308	23,209
Crime Victims Assistance	16.575	2014VAGENE308	<u>8,604</u>
Total U.S. Department of Justice			<u>31,813</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct Program:</i>			
Airport Improvement Program	20.106	N	77,012
<i>Passed through the Ohio Department of Public Safety:</i>			
State and Community Highway Safety	20.600	N/A	1,042
<i>Passed through the Ohio Department of Public Safety:</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A	<u>7,626</u>
Total U.S. Department of Transportation			<u>85,680</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Ohio Emergency Management Agency:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4002	1,227,828
Emergency Management Performance Grants	97.042	EMW-2012-EP-00004-S01	17,681
Emergency Management Performance Grants	97.042	EMW-2013-EP-00060-S01	<u>1,868</u>
Total Emergency Management Performance Grants			<u>19,549</u>
State Homeland Security Program	97.067	EMW-2011-SS-00070	1,727
State Homeland Security Program	97.067	2010-SS-T0-0012	<u>56,630</u>
Total State Homeland Security Program			<u>58,357</u>
Total U.S. Department of Homeland Security			<u>1,305,734</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Health:</i>			
Help Me Grow - Part C	84.181	N/A	63,051
<i>Passed Through the Ohio Department of Mental Health:</i>			
Race to the Top - Early Learning Challenge	84.412	N/A	<u>50,244</u>
Total U.S. Department of Education			<u>113,295</u>

(Continued)

Brown County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013
(Continued)

FEDERAL GRANTOR Recipient Department Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Families	93.556	G-1415-11-5333	\$ 16,041
Child Support Enforcement	93.563	N/A	330,335
Community Based Child Abuse Prevention Grants	93.590	G-1415-11-5333	361
Child Welfare Services State Grants - Title IV-B	93.645	G-1415-11-5333	49,956
Foster Care - Title IV-E	93.658	N/A	110,924
Adoption Assistance	93.659	N/A	85,078
Chafee Foster Care Independence Program	93.674	G-1415-11-5333	140
Child Care Development Fund Cluster:			
Child Care and Development Block Grant	93.575	G-1415-11-5333	<u>52,335</u>
Total Child Care Development Fund Cluster			<u>52,335</u>
Temporary Assistance for Needy Families (TANF) Cluster			
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-1415-11-5333	<u>754,046</u>
Total TANF Cluster			<u>754,046</u>
<i>Passed through the Secretary of State:</i>			
Voting Access for Individuals with Disabilities - Grants to States	93.617	N/A	2,000
Social Services Block Grant:			
<i>Passed through the Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant - Title XX	93.667	N/A	33,333
<i>Passed through the Ohio Department of Mental Health:</i>			
Social Services Block Grant - Title XX	93.667	N/A	38,054
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Social Services Block Grant - Title XX	93.667	G-1415-11-5333	<u>505,378</u>
Total Social Services Block Grant			<u>576,765</u>
<i>Passed through the Ohio Department of Mental Health:</i>			
Block Grants for Community Mental Health Services	93.958	N/A	31,240
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	152,804
Medicaid Cluster:			
<i>Passed through the Ohio Department of Developmental Disabilities:</i>			
Medical Assistance Program - MAC/RMTS	93.778	N/A	70,291
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Medical Assistance Program	93.778	N/A	<u>315,267</u>
Total Medicaid Cluster			<u>385,558</u>
Total U.S. Department of Health and Human Services			<u>2,547,583</u>
Total Federal Expenditures			<u>\$ 5,118,623</u>

N/A - pass through entity number not available

N- direct award

See accompanying notes to the Schedule of Expenditures of Federal Awards

BROWN COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the cash basis of accounting; consequently, expenditures are recognized when paid rather than when the obligation is incurred.

NOTE C – SUBRECIPIENTS

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

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

NOTE D – MATCHING REQUIREMENTS

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Brown County , Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 20, 2014 wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies in internal control. We consider findings 2013-002 and 2013-003 to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 20, 2014



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

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

Report on Compliance for Each Major Federal Program

We have audited Brown County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Brown County's major federal programs for the year ended December 31, 2013. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance

Opinion on Each Major Federal Program

In our opinion, Brown County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2013-004. This finding did not require us to modify our compliance opinion on each major federal program.

The County's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2013-004.

Board of County Commissioners

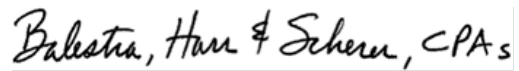
Brown County

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

Page 3

The County's response to the internal control over compliance finding we identified is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Balestra, Harr & Scherer, CPAs, Inc.

Piketon, Ohio

June 20, 2014

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any significant internal control deficiencies reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under .510?	Yes
<i>(d)(1)(vii)</i>	Major Program (list):	<p>Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii, CFDA #14.228</p> <p>Home Investment Partnerships Program, CFDA #14.239</p> <p>Temporary Assistance for Needy Families (TANF) Cluster, CFDA #93.558</p> <p>Child Support Enforcement Program, CFDA #93.563</p> <p>Disaster Grants- Public Assistance (Presidentially Declared Disasters), CFDA #97.036</p>
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2013
(Continued)

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

Finding Number 2013-001

Noncompliance Citation

Ohio Rev. Code, Section 117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports.

If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report with accounting principles generally accepted in the United States of America. However, the County prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This presentation differs from accounting principles generally accepted in the United States of America (GAAP).

The accompanying financial statements and notes omitted assets, liabilities, deferred inflows/outflows of resources, net position, fund balances, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined for its failure to file the required financial report. The County should prepare its financial statements in accordance with generally accepted accounting principles.

Client’s Response:

We did not receive a response from the client for the above finding.

Finding Number 2013-002

Significant Deficiency/Noncompliance – Cashbook Reconciliation, Probate/Juvenile Courts & Municipal Court

ORC 2335.25 states that each clerk of a court of record, the sheriff, and the prosecuting attorney shall enter in a journal or cashbook, provided at the expense of the county, an accurate account of all moneys collected or received in his official capacity, on the days of the receipt, and in the order of time so received, with a minute of the date and suit, or other matter, on account of which the money was received. The cashbook shall be a public record of the office, and shall, on the expiration of the term of each such officer, be delivered to his successor in office. The clerk shall be the receiver of all moneys payable into his office, whether collected by public officers of court or tendered by other persons, and, on request, shall pay the moneys to the persons entitled to receive them.

The Juvenile and Probate Court cashbooks did not reconcile to a zero balance. Probate was not reconciled by (\$1,121.81), while Juvenile was not reconciled by \$5,016.50, leaving a net balance of \$3,894.69. The Municipal Court cashbooks did not reconcile to a zero balance and contained an end of year balance of (\$1,569.39).

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2013
(Continued)

The Probate and Juvenile Courts and Municipal Court should implement policies and procedures to ensure that their cash books reconcile to the bank accounts and the reconciling process is completed accurately and timely.

Client's Response:

We did not receive a response from the client for the above finding.

Finding Number 2013-003

Significant Deficiency – Tax Distributions

During 2013, the County implemented internal controls over property tax distributions to subdivisions of the County, however, for the 2nd half MH distributions, a few settlement sheets were not kept on file at the Auditor's office and were obtained from the subdivisions, one tax settlement sheet was not signed by the Auditor, and the Tax Settlement Summary sheet sent to the Treasurer's office was not signed by the Auditor. Furthermore, we were unable to verify the control in which net distributions from the Tax Settlement Summary sheet were verified to the total net distributions from the check register/direct deposit report before any transfers were made due to lack of documentation for this control procedure.

Additionally, for the Manufactured Homes Homestead distributions to the subdivisions, the amounts reported on the MH settlement sheets did not agree to the actual distributions made to the subdivisions due to the tax settlement sheets not being utilized when disbursing the amounts to the subdivisions but rather the Homestead Reduction Certification from the Treasurer's office was used.

Improper disbursements or lack of disbursements of property taxes, rollbacks and homesteads to the subdivisions of the County could be possible. Records requests could not be fulfilled if all records are not kept on file.

We recommend the County implement all established controls over the distribution of property taxes, rollbacks and homesteads to the subdivisions of the County and ensure that all records and documentation is kept on file. We further recommend that the County ensure that all distributions agree to the County settlement sheets for each subdivision.

Client's Response:

In 2013, the new Auditor noted that MH Homestead Rollback had never been distributed. The AOS was notified. After looking over the papers, the Auditor not having all past settlement sheets, figured the 2005-2012 distribution as best possible. All parties, AOS & Auditor, agreed to the procedures. Upon the 2013 MH distribution being sent out, the Auditor did the same. Now that the correct way to distribute has been laid out, future settlements will be done differently.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2013
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2013-004
CFDA Title and Number	Home Investment Partnerships Program – CFDA #14.239 Community Development Block Grants- CFDA #14.228
Federal Award Number/Year	2013
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Significant Deficiency/Noncompliance Citation – Cash Management

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

Drawdowns were not expended within 15 days to a fund balance of less than \$5,000 for 2 of the 3 drawdowns of grant funding received during the audit period for the Home Investment Partnerships Program Grant and for all drawdowns of grant funding received during the audit period for the Community Development Block Grant. Disbursements were made up to several months after the 15 day limitation had expired, resulting in noncompliance. Due to the noncompliance noted for the program’s cash management, an internal control deficiency exists over this area of compliance.

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

Clients Response:

In the future, the County will seek advances to offset the “draw” time frame when possible.

BROWN COUNTY
December 31, 2013

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

Corrective Action Plan for Finding 2013-004:

Finding Control Number: 2013-004

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

Statement of Concurrence: The County is aware of Finding 2013-004 and agrees that the finding as stated is correct.

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

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

Kelly Cole
Economic Development & Community Development
Phone: (937) 378-3536
Email: kcole@county.brown.oh.us

BROWN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-001	Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	No	Not Corrected – See current year finding 2013-001.
2012-002	Internal Control Deficiency/Noncompliance ORC 325- overpayment of elected officials	Yes	
2012-003	Internal Control Deficiency/Noncompliance ORC 2335.25- improper reconciling of Probate and Juvenile accounts	No	Not Corrected – See current year finding 2013-002.
2012-004	Internal Control Deficiency- Title Department. Title Department was in the practice of completing transaction recording on behalf of the consumer.	Yes	
2012-005	Internal Control Deficiency- lack of controls over dog and kennel tag sales	Yes	
2012-006	Internal Control Deficiency- Segregation of Duties Clerk of Courts, Title Department, Municipal Court, Juvenile and Probate Courts, and Recorder’s office	Yes	
2012-007	Internal Control Deficiency- improper record keeping	Yes	
2012-008	Internal Control Deficiency- Tax Distributions	No	Partially Corrected- See current year finding 2013-003
2012-009	Internal Control Deficiency- Financial Reporting	No	Partially Corrected- Reissued as a Management Letter comment
2012-010	Internal Control Deficiency/ Noncompliance- Errors on the Schedule of Expenditures of Federal Awards	Yes	
2012-011	Office of Housing and Community Partnership Financial Management Rules and Regulations, Section (A)(3)(f), states the grantees must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds.	No	Not Corrected – See current year finding 2013-004
2012-012	Child Support Enforcement Program noncompliance of cash management/reporting	Yes	

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Dave Yost • Auditor of State

BROWN COUNTY FINANCIAL SECTION

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
MARCH 3, 2015