

# **BROWN COUNTY, OHIO**

**Cash Basis Financial Statements**

**For the Year Ended  
December 31, 2022**



**BROWN COUNTY, OHIO**

**CASH BASIS FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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Accountant's Compilation Report

To Jill Hall, Auditor  
Georgetown, Ohio

Management is responsible for the accompanying basic financial statements of Brown County, which comprise the statements listed in the table of contents as of December 31, 2022, and for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the financial statements.

We draw attention to Note 2C of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is an accounting basis other than accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*Julian & Grube, Inc.*

Westerville, Ohio  
February 27, 2023



## BROWN COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

The management's discussion and analysis of Brown County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2022. The intent of the management's discussion and analysis is to look at the County's financial performance as a whole; readers should also review 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 2022 are as follows:

- In total, net cash position increased \$7,502,876, which represents a 19.95% increase from the 2021's net cash position. Governmental activities net cash position increased \$7,056,876 or 19.58% from 2021's net cash position, while business-type activities net cash position increased \$446,000 or 28.22%.
- The County's major governmental funds include the General Fund, the American Rescue Plan Act (ARPA) Fund, the Job and Family Services Fund, the Auto & Gas Tax Fund, and the Developmental Disabilities Fund. The General Fund had receipts of \$14,753,566 and disbursements and other financing uses of \$13,708,734. The General Fund's fund balance increased \$1,044,832, from a fund cash balance of \$12,287,225 to \$13,332,057 during 2022.
- The ARPA Fund had receipts of \$4,269,633 and disbursements of \$190,695. The ARPA fund's fund balance increased \$4,078,938, from \$4,225,569 to \$8,304,507 during 2022 due to the County receiving additional grant money from ARPA during 2022.
- The Job and Family Services Fund had receipts and other financing sources of \$4,499,430 and disbursements of \$4,517,676. The Job and Family Services Fund's fund balance decreased \$18,246, from \$87,471 to \$69,225 during 2022.
- The Auto & Gas Tax Fund had receipts and other financing sources of \$6,817,686 and disbursements of \$6,107,549. The Auto & Gas Tax Fund's fund balance increased \$710,137, from \$1,673,677 to \$2,383,814 during 2022.
- The Developmental Disabilities Fund had receipts of \$1,530,669 and disbursements of \$1,998,262. The Developmental Disabilities Fund's fund balance decreased \$467,593, from a fund cash balance of \$4,454,470 to \$3,986,877 during 2022.
- The County's business-type activities consist of the Solid Waste Fund and the Sewer and Water Fund. These activities had program receipts of \$1,531,347 and disbursements of \$1,101,737. Net position of the business-type activities increased \$446,000.

#### Using the Basic Financial Statements

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 the Statement of Activities - Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's cash basis finances.

## **BROWN COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all other non-major funds presented in total in a single column. For the County, the General Fund is the most significant fund. The County's major governmental funds are the General Fund, the ARPA Fund, the Job and Family Services Fund, the Auto and Gas Tax fund, and the Developmental Disabilities fund.

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. The County uses the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) 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 answer the question, "How did we do financially during 2022?", within the limitations of the cash basis of accounting. These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than GAAP. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

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 two statements report the County's net cash position and changes on a cash basis. This change in net cash position is important because it tells the reader that, for the County as a whole, the cash basis financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.



## BROWN COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

In the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis, the County is divided into two distinct kinds 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 and the Sewer and Water fund are reported as business-type activities.

#### **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.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, the ARPA Fund, the Job and Family Services Fund, the Auto and Gas Tax Fund, and the Developmental Disabilities 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 GAAP. 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.

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.

#### **Proprietary Funds**

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

#### **Fiduciary Funds**

Fiduciary 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 custodial funds. The County's only fiduciary funds are custodial funds.

**BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

**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.

**Government-Wide Financial Analysis**

The table below provides a summary of the County's net cash position for 2022 and 2021.

	<b>Net Cash Position</b>					
	Governmental Activities 2022	Business-Type Activities 2022	Governmental Activities 2021	Business-Type Activities 2021	2021 Total	2021 Total
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 43,094,123	\$ 2,026,413	\$ 36,037,247	\$ 1,580,413	\$ 45,120,536	\$ 37,617,660
Total assets	<u>43,094,123</u>	<u>2,026,413</u>	<u>36,037,247</u>	<u>1,580,413</u>	<u>45,120,536</u>	<u>37,617,660</u>
<u>Net Cash Position</u>						
Restricted	30,000,281	-	24,042,503	-	30,000,281	24,042,503
Unrestricted	<u>13,093,842</u>	<u>2,026,413</u>	<u>11,994,744</u>	<u>1,580,413</u>	<u>15,120,255</u>	<u>13,575,157</u>
Total net cash position	<u>\$ 43,094,123</u>	<u>\$ 2,026,413</u>	<u>\$ 36,037,247</u>	<u>\$ 1,580,413</u>	<u>\$ 45,120,536</u>	<u>\$ 37,617,660</u>

The total net cash position of the County increased \$7,502,876. Net cash position of governmental activities increased \$7,056,876, which represents a 19.58% increase from the 2021 balance. Net cash position of business-type activities increased \$446,000 or 28.22% from the 2021 balance.

During 2022, the County received an additional \$4.3 million ARPA grant from the federal government, accounting for the majority of the increase to restricted net cash position at December 31, 2022.

A portion of the County's governmental activities net cash position, \$30,000,281, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net cash position of \$13,093,842 may be used to meet the County's ongoing obligations to citizens and creditors.

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**BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

The table below shows the changes in net cash position for 2021 and 2022.

	Change in Net Cash Position					
	Governmental	Business-Type	Governmental	Business-Type	2022	2021
	Activities	Activities	Activities	Activities	Total	Total
	2022	2022	2021	2021		
<b>Cash Receipts:</b>						
Program receipts:						
Charges for services and sales	\$ 5,991,443	\$ 1,531,347	\$ 5,788,340	\$ 1,431,459	\$ 7,522,790	\$ 7,219,799
Operating grants and contributions	20,088,402	-	19,838,988	-	20,088,402	19,838,988
Capital grants and contributions	1,018,845	-	230,230	-	1,018,845	230,230
Total program receipts	<u>27,098,690</u>	<u>1,531,347</u>	<u>25,857,558</u>	<u>1,431,459</u>	<u>28,630,037</u>	<u>27,289,017</u>
General receipts:						
Property taxes	4,217,670	-	4,355,331	-	4,217,670	4,355,331
Sales taxes	7,718,887	-	7,438,996	-	7,718,887	7,438,996
Unrestricted grants	1,643,411	-	1,584,230	-	1,643,411	1,584,230
Proceeds of loans	186,397	-	-	-	186,397	-
Investment receipts	400,581	-	214,839	-	400,581	214,839
Miscellaneous	212,960	-	629,530	-	212,960	629,530
Total general receipts	<u>14,379,906</u>	<u>-</u>	<u>14,222,926</u>	<u>-</u>	<u>14,379,906</u>	<u>14,222,926</u>
Total receipts	<u>41,478,596</u>	<u>1,531,347</u>	<u>40,080,484</u>	<u>1,431,459</u>	<u>43,009,943</u>	<u>41,511,943</u>
<b>Cash Disbursements:</b>						
General government:						
Legislative and executive	5,169,339	-	4,919,011	-	5,169,339	4,919,011
Judicial	4,258,265	-	4,339,604	-	4,258,265	4,339,604
Public safety	5,695,346	-	5,608,914	-	5,695,346	5,608,914
Public works	5,312,954	-	5,823,114	-	5,312,954	5,823,114
Health	4,107,633	-	4,140,302	-	4,107,633	4,140,302
Human services	7,696,053	-	7,048,156	-	7,696,053	7,048,156
Community and economic development	394,636	-	197,211	-	394,636	197,211
Capital outlay	1,277,697	-	1,275,540	-	1,277,697	1,275,540
Debt service:						
Principal retirement	434,703	-	419,703	-	434,703	419,703
Interest and fiscal charges	58,704	-	67,624	-	58,704	67,624
Solid waste	-	1,058,633	-	1,001,715	1,058,633	1,001,715
Sewer and water	-	43,104	-	42,685	43,104	42,685
Total cash disbursements	<u>34,405,330</u>	<u>1,101,737</u>	<u>33,839,179</u>	<u>1,044,400</u>	<u>35,507,067</u>	<u>34,883,579</u>
Increase in net cash position before transfers	7,073,266	429,610	6,241,305	387,059	7,502,876	7,889,935
Transfers	(16,390)	16,390	(16,390)	16,390	-	-
Change in net cash position	7,056,876	446,000	6,224,915	403,449	7,502,876	6,628,364
<b>Net cash position at beginning of year</b>	<u>36,037,247</u>	<u>1,580,413</u>	<u>29,812,332</u>	<u>1,176,964</u>	<u>37,617,660</u>	<u>30,989,296</u>
<b>Net cash assets at end of year</b>	<u>\$ 43,094,123</u>	<u>\$ 2,026,413</u>	<u>\$ 36,037,247</u>	<u>\$ 1,580,413</u>	<u>\$ 45,120,536</u>	<u>\$ 37,617,660</u>

**BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

**Governmental Activities**

Governmental net cash position increased by \$7,056,876 in 2022 from the 2021 balance.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2022, general government cash disbursements totaled \$9,427,604 or 27.40% of total governmental activities cash disbursements. General government programs were supported by \$3,729,214 in direct charges to users and \$1,265,497 in operating grants and contributions.

The County's human services programs accounted for \$7,696,053, or 22.37%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$1,140,220 in direct charges to users and \$6,351,460 in operating grants and contributions.

The Statement of Activities - Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

The table below shows the changes in net cost of services for 2022 and 2021.

	<b>Governmental Activities</b>			
	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
<b>Cash disbursements:</b>				
General government:				
Legislative and executive	\$ 5,169,339	\$ 2,526,490	\$ 4,919,011	\$ 2,284,422
Judicial	4,258,265	1,906,403	4,339,604	2,092,335
Public safety	5,695,346	704,694	5,608,914	565,546
Public works	5,312,954	(450,569)	5,823,114	(402,645)
Health	4,107,633	1,733,161	4,140,302	1,722,361
Human services	7,696,053	204,373	7,048,156	276,998
Community & economic development	394,636	(19,317)	197,211	(44,113)
Capital outlay	1,277,697	258,852	1,275,540	1,045,310
Debt service:				
Principal retirement	434,703	434,703	419,703	419,703
Interest and fiscal charges	58,704	7,850	67,624	21,704
Total	<u>\$ 34,405,330</u>	<u>\$ 7,306,640</u>	<u>\$ 33,839,179</u>	<u>\$ 7,981,621</u>

The dependence upon general cash receipts for governmental activities is apparent, with 21.24% of cash disbursements supported through taxes and other general cash receipts during 2022.

**BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

**Business-Type Activities**

The Solid Waste fund and the Sewer and Water fund are the County's enterprise funds.

These programs had cash operating receipts of \$1,531,347, cash disbursements of \$1,101,737, and transfers in of \$16,390 for 2022. The net cash position of the programs increased \$446,000 from the 2021 net position.

**Financial Analysis of the Government's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The County's governmental funds are accounted for using the cash basis of accounting.

The County's governmental funds reported a combined fund cash balance of \$43,094,123, which is \$7,056,876 above last year's balance of \$36,037,247.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2022 and December 31, 2021 for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2022</u>	<u>Fund Cash Balance</u> <u>December 31, 2021</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 13,332,057	\$ 12,287,225	\$ 1,044,832
ARPA	8,304,507	4,225,569	4,078,938
Job and Family Services	69,225	87,471	(18,246)
Auto and Gas Tax	2,383,814	1,673,677	710,137
Developmental Disabilities	3,986,877	4,454,470	(467,593)
Non-Major Funds:			
Other Governmental Funds	<u>15,017,643</u>	<u>13,308,835</u>	<u>1,708,808</u>
Total	<u>\$ 43,094,123</u>	<u>\$ 36,037,247</u>	<u>\$ 7,056,876</u>

**General Fund**

The General Fund, the County's largest major fund, had cash receipts of \$14,753,566 in 2022. The cash disbursements and other financing uses of the General Fund totaled \$13,708,734 in 2022. Of the total General Fund's cash disbursements, \$1,906,521 represents transfers and advances to other funds. The General Fund's cash balance increased \$1,044,832 from the 2021 balance.

**BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

The table that follows assists in illustrating the cash receipts of the General Fund.

	<u>2022</u> Amount	<u>2021</u> Amount	<u>Percentage</u> Change
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 9,811,117	\$ 9,325,778	5.20 %
Charges for services	2,515,691	2,628,087	(4.28) %
Fines and forfeitures	277,304	329,585	(15.86) %
Intergovernmental	1,535,913	1,428,174	7.54 %
Investment income	400,581	214,839	86.46 %
Other	212,960	629,530	(66.17) %
Total	<u>\$ 14,753,566</u>	<u>\$ 14,555,993</u>	1.36 %

Tax receipts increased during 2022 due to an increase in the collection of sales taxes. Receipts related to charges for services decreased. Fines and forfeitures decreased due to decreased court fines. Intergovernmental receipts increased due to an increase in revenues from local governments. Investment income increased due to an increase in interest rates. Other receipts decreased during 2022 due to a decrease in miscellaneous refunds and reimbursements.

The table that follows assists in illustrating the cash disbursements of the General Fund.

	<u>2022</u> Amount	<u>2021</u> Amount	<u>Percentage</u> Change
<b><u>Cash Disbursements</u></b>			
General government:			
Legislative and executive	\$ 3,825,726	\$ 4,160,437	(8.05) %
Judicial	2,935,763	3,046,868	(3.65) %
Public safety	4,264,662	4,152,345	2.70 %
Public works	72,577	76,986	(5.73) %
Human services	334,389	397,010	(15.77) %
Economic development	11,262	55,702	(79.78) %
Capital outlay	2,930	36,423	(91.96) %
Debt service	354,904	350,524	1.25 %
Total	<u>\$ 11,802,213</u>	<u>\$ 12,276,295</u>	<u>(3.86) %</u>

General government disbursements decreased 11.70% from the prior year. Legislative and executive disbursements decreased due to decreased contracted services. Public safety disbursements increased due to an increase in the costs related to the sheriff's department. Public works disbursements decreased due to decreased engineer costs. Human services disbursements decreased due to a decrease in costs related to public assistance. Economic development disbursements decreased due to decreased administrative costs of the department. Capital outlay decreased as the County was involved in fewer capital projects in 2022. All other disbursements remained comparable to the prior year or changed an insignificant amount.

**ARPA Fund**

The ARPA Fund had receipts of \$4,269,633 and disbursements of \$190,695. The ARPA fund's fund balance increased \$4,078,938, from \$4,225,569 to \$8,304,507 during 2022 due to the County receiving additional grant money from ARPA during 2022.

## **BROWN COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

#### **Job and Family Services Fund**

The Job and Family Services Fund had receipts and other financing sources of \$4,499,430 and disbursements of \$4,517,676. The Job and Family Services Fund's fund balance decreased \$18,246, from \$87,471 to \$69,225 during 2022.

#### **Auto and Gas Tax Fund**

The Auto & Gas Tax Fund had receipts and other financing sources of \$6,817,686 and disbursements of \$6,107,549. The Auto & Gas Tax Fund's fund balance increased \$710,137, from \$1,673,677 to \$2,383,814 during 2022.

#### **Developmental Disabilities Fund**

The Developmental Disabilities Fund had receipts of \$1,530,669 and disbursements of \$1,998,262. The Developmental Disabilities Fund's fund balance decreased \$467,593, from a fund cash balance of \$4,454,470 to \$3,986,877 during 2022.

#### **Budgeting Highlights - General Fund**

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.

During each year the General Fund budget is revised as needs arise. Records of the revisions are found in the Commissioners' Journals.

Original estimated receipts and other financing sources of \$12,924,781 were increased to \$14,963,082 in the final budget. Actual revenues and other financing sources of \$14,535,225 were \$427,857 less than final budgeted estimates. Original appropriations of \$13,322,626 were increased to \$15,576,918 in the final budget. Actual disbursements and other financing uses of \$13,901,628 were \$1,675,290 lower than the final budget.

#### **Capital Assets and Debt Administration**

##### **Capital Assets**

The County does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The County had capital outlay disbursements of \$1,277,697 for governmental activities and \$36,608 for business-type activities during 2022.

##### **Debt Administration**

At December 31, 2022, the County had \$1,945,000 in general obligation bonds, \$783,788 in Ohio Public Works Commission (OPWC) loans, and \$96,978 in forgivable debt to governmental activities.

For further information, regarding the County's debt, refer to Note 13 to the basic financial statements.

##### **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.

## **BROWN COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

The United States and the State of Ohio declared a state of emergency in March of 2021 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2022 while the national state of emergency continues. During 2022, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

#### **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 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](mailto:jhall@browncountyauditor.org).



**BROWN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
 DECEMBER 31, 2022  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 43,094,123	\$ 2,026,413	\$ 45,120,536
<b>Net cash position:</b>			
Restricted for:			
Debt service	19	-	19
Capital projects	2,682,560	-	2,682,560
Public assistance	69,225	-	69,225
Mental health	1,485,062	-	1,485,062
Developmental disabilities	3,986,877	-	3,986,877
ARPA	8,304,507	-	8,304,507
Real estate assessment	2,552,075	-	2,552,075
CSEA	160,043	-	160,043
Childrens services	582,223	-	582,223
Auto and gas tax	2,383,814	-	2,383,814
Residential facility/developmental disabilities	418,058	-	418,058
Medicaid reserve	2,533,528	-	2,533,528
Treasurer DTAC	431,193	-	431,193
CDBG revolving loan	343,146	-	343,146
E-911 services	1,106,486	-	1,106,486
Other purposes	2,961,465	-	2,961,465
Unrestricted	<u>13,093,842</u>	<u>2,026,413</u>	<u>15,120,255</u>
Total net cash position	<u>\$ 43,094,123</u>	<u>\$ 2,026,413</u>	<u>\$ 45,120,536</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Disbursements</u>	<u>Program Cash Receipts</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government:				
Legislative and executive	\$ 5,169,339	\$ 2,278,768	\$ 364,081	\$ -
Judicial	4,258,265	1,450,446	901,416	-
Public safety	5,695,346	323,562	4,667,090	-
Public works	5,312,954	620,243	5,143,280	-
Health	4,107,633	172,534	2,201,938	-
Human services	7,696,053	1,140,220	6,351,460	-
Community and economic development	394,636	-	413,953	-
Capital outlay	1,277,697	-	-	1,018,845
Debt service:				
Principal retirement	434,703	-	-	-
Interest and fiscal charges	58,704	5,670	45,184	-
Total governmental activities	<u>34,405,330</u>	<u>5,991,443</u>	<u>20,088,402</u>	<u>1,018,845</u>
<b>Business-type activities:</b>				
Solid waste	1,058,633	1,501,229	-	-
Sewer and water	43,104	30,118	-	-
Total business-type activities	<u>1,101,737</u>	<u>1,531,347</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 35,507,067</u>	<u>\$ 7,522,790</u>	<u>\$ 20,088,402</u>	<u>\$ 1,018,845</u>

**General cash receipts:**

Property taxes levied for:

  General purposes

  Developmental disabilities

Sales taxes levied for:

  General purposes

  911 services

Grants and entitlements not restricted to specific programs

Investment earnings

Loan proceeds

Miscellaneous

Total general cash receipts

Transfers

Total general cash receipts and transfers

Change in net cash position

**Net cash position at beginning of year**

**Net cash position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Disbursements) Receipts  
and Changes in Net Position**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$	(2,526,490)	\$ -	\$ (2,526,490)
	(1,906,403)	-	(1,906,403)
	(704,694)	-	(704,694)
	450,569	-	450,569
	(1,733,161)	-	(1,733,161)
	(204,373)	-	(204,373)
	19,317	-	19,317
	(258,852)	-	(258,852)
	(434,703)	-	(434,703)
	(7,850)	-	(7,850)
	<u>(7,306,640)</u>	<u>-</u>	<u>(7,306,640)</u>
	-	442,596	442,596
	-	(12,986)	(12,986)
	-	429,610	429,610
	<u>(7,306,640)</u>	<u>429,610</u>	<u>(6,877,030)</u>
	3,380,516	-	3,380,516
	837,154	-	837,154
	6,430,601	-	6,430,601
	1,288,286	-	1,288,286
	1,643,411	-	1,643,411
	400,581	-	400,581
	186,397	-	186,397
	212,960	-	212,960
	<u>14,379,906</u>	<u>-</u>	<u>14,379,906</u>
	<u>(16,390)</u>	<u>16,390</u>	<u>-</u>
	<u>14,363,516</u>	<u>16,390</u>	<u>14,379,906</u>
	7,056,876	446,000	7,502,876
	<u>36,037,247</u>	<u>1,580,413</u>	<u>37,617,660</u>
\$	<u>43,094,123</u>	\$ <u>2,026,413</u>	\$ <u>45,120,536</u>

**BROWN COUNTY, OHIO**

STATEMENT OF CASH ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS - CASH BASIS  
DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>ARPA</u>	<u>Job and Family Services</u>	<u>Auto and Gas Tax</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	<u>\$ 13,332,057</u>	<u>\$ 8,304,507</u>	<u>\$ 69,225</u>	<u>\$ 2,383,814</u>
<b>Fund cash balances:</b>				
Nonspendable	\$ 238,215	\$ -	\$ -	\$ -
Restricted	-	8,304,507	69,225	2,383,814
Assigned	307,822	-	-	-
Unassigned	<u>12,786,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund cash balances	<u>\$ 13,332,057</u>	<u>\$ 8,304,507</u>	<u>\$ 69,225</u>	<u>\$ 2,383,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Developmental Disabilities</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<u>\$ 3,986,877</u>	<u>\$ 15,017,643</u>	<u>\$ 43,094,123</u>
\$ -	\$ -	\$ 238,215
3,986,877	15,017,643	29,762,066
-	-	307,822
-	-	12,786,020
<u>\$ 3,986,877</u>	<u>\$ 15,017,643</u>	<u>\$ 43,094,123</u>

**BROWN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
 GOVERNMENTAL FUNDS - CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>ARPA</u>	<u>Job and Family Services</u>	<u>Auto and Gas Tax</u>
<b>Cash receipts:</b>				
Sales taxes	\$ 6,430,601	\$ -	\$ -	\$ -
Real and other taxes	3,380,516	-	-	-
Charges for services	2,515,691	-	650,000	608,310
Licenses and permits	-	-	-	-
Fines and forfeitures	277,304	-	-	17,603
Intergovernmental	1,535,913	4,269,633	3,781,526	5,980,129
Investment income	400,581	-	-	23,684
Contributions and donations	-	-	-	-
Other	212,960	-	-	1,563
Total cash receipts	<u>14,753,566</u>	<u>4,269,633</u>	<u>4,431,526</u>	<u>6,631,289</u>
<b>Disbursements:</b>				
Current:				
General government:				
Legislative and executive	3,825,726	190,695	-	-
Judicial	2,935,763	-	-	-
Public safety	4,264,662	-	-	-
Public works	72,577	-	-	5,026,774
Health	-	-	-	-
Human services	334,389	-	4,517,676	-
Community and economic development	11,262	-	-	-
Capital outlay	2,930	-	-	1,034,822
Debt service:				
Principal retirement	320,000	-	-	45,953
Interest and fiscal charges	34,904	-	-	-
Total disbursements	<u>11,802,213</u>	<u>190,695</u>	<u>4,517,676</u>	<u>6,107,549</u>
Excess (deficiency) of cash receipts over (under) disbursements	<u>2,951,353</u>	<u>4,078,938</u>	<u>(86,150)</u>	<u>523,740</u>
<b>Other financing sources (uses):</b>				
Advances in and not repaid	-	-	-	-
Advances (out) and not repaid	(20,560)	-	-	-
Transfers in	-	-	67,904	-
Transfers (out)	(1,885,961)	-	-	-
Loan proceeds	-	-	-	186,397
Total other financing sources (uses)	<u>(1,906,521)</u>	<u>-</u>	<u>67,904</u>	<u>186,397</u>
Net change in fund cash balances	1,044,832	4,078,938	(18,246)	710,137
<b>Fund cash balances at beginning of year</b>	12,287,225	4,225,569	87,471	1,673,677
<b>Fund cash balances at end of year</b>	<u>\$ 13,332,057</u>	<u>\$ 8,304,507</u>	<u>\$ 69,225</u>	<u>\$ 2,383,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Developmental Disabilities</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 1,288,286	\$ 7,718,887
837,154	-	4,217,670
10,061	1,568,296	5,352,358
-	53,269	53,269
-	290,792	585,699
683,454	6,228,732	22,479,387
-	-	424,265
-	17,018	17,018
-	229,123	443,646
<u>1,530,669</u>	<u>9,675,516</u>	<u>41,292,199</u>
-	1,152,918	5,169,339
-	1,322,502	4,258,265
-	1,430,684	5,695,346
-	213,603	5,312,954
1,989,593	2,118,040	4,107,633
-	2,843,988	7,696,053
-	383,374	394,636
8,669	231,276	1,277,697
-	68,750	434,703
-	23,800	58,704
<u>1,998,262</u>	<u>9,788,935</u>	<u>34,405,330</u>
<u>(467,593)</u>	<u>(113,419)</u>	<u>6,886,869</u>
-	20,560	20,560
-	-	(20,560)
-	1,888,027	1,955,931
-	(86,360)	(1,972,321)
-	-	186,397
<u>-</u>	<u>1,822,227</u>	<u>170,007</u>
(467,593)	1,708,808	7,056,876
4,454,470	13,308,835	36,037,247
<u>\$ 3,986,877</u>	<u>\$ 15,017,643</u>	<u>\$ 43,094,123</u>

**BROWN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSMENTS, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Sales taxes	\$ 5,699,617	\$ 6,409,798	\$ 6,409,797	\$ (1)
Real and other taxes	3,009,476	3,385,000	3,384,461	(539)
Charges for services	1,776,000	2,118,955	1,997,293	(121,662)
Fines and forfeitures	246,581	366,600	277,304	(89,296)
Intergovernmental	1,365,740	1,591,221	1,535,913	(55,308)
Investment income	356,198	420,000	400,581	(19,419)
Other	145,714	178,008	163,869	(14,139)
Total receipts	<u>12,599,326</u>	<u>14,469,582</u>	<u>14,169,218</u>	<u>(300,364)</u>
<b>Disbursements:</b>				
Current:				
General government:				
Legislative and executive	5,406,019	5,098,180	3,819,066	1,279,114
Judicial	2,959,797	2,995,276	2,762,416	232,860
Public safety	4,246,196	4,458,161	4,399,110	59,051
Public works	77,968	77,968	73,987	3,981
Human services	577,095	460,915	363,501	97,414
Community and economic development	55,551	55,655	54,881	774
Debt service:				
Principal retirement	-	320,000	320,000	-
Interest and fiscal charges	-	37,000	34,904	2,096
Total disbursements	<u>13,322,626</u>	<u>13,503,155</u>	<u>11,827,865</u>	<u>1,675,290</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(723,300)</u>	<u>966,427</u>	<u>2,341,353</u>	<u>1,374,926</u>
<b>Other financing sources (uses):</b>				
Advances in and not repaid	25,113	43,500	28,242	(15,258)
Advances (out) and not repaid	-	(48,802)	(48,802)	-
Transfers in	300,342	450,000	337,765	(112,235)
Transfers (out)	-	(2,024,961)	(2,024,961)	-
Total other financing sources (uses)	<u>325,455</u>	<u>(1,580,263)</u>	<u>(1,707,756)</u>	<u>(127,493)</u>
Net change in fund balances	(397,845)	(613,836)	633,597	1,247,433
<b>Fund balance at beginning of year (restated)</b>	6,368,791	6,368,791	6,368,791	-
<b>Prior year encumbrances appropriated</b>	441,471	441,471	441,471	-
<b>Fund balance at end of year</b>	<u>\$ 6,412,417</u>	<u>\$ 6,196,426</u>	<u>\$ 7,443,859</u>	<u>\$ 1,247,433</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BROWN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSMENTS, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 ARPA FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Intergovernmental	\$ 4,000,000	\$ 4,269,633	\$ 4,269,633	\$ -
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive	-	347,877	337,767	10,110
Excess of receipts over disbursements	4,000,000	3,921,756	3,931,866	10,110
<b>Other financing (uses):</b>				
Transfers (out)	-	(67,766)	(58,721)	9,045
Net change in fund balances	4,000,000	3,853,990	3,873,145	19,155
<b>Fund balance at beginning of year</b>	4,225,569	4,225,569	4,225,569	-
<b>Fund balance at end of year</b>	<u>\$ 8,225,569</u>	<u>\$ 8,079,559</u>	<u>\$ 8,098,714</u>	<u>\$ 19,155</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSMENTS, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 JOB AND FAMILY SERVICES FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts:</b>				
Intergovernmental	\$ 4,629,000	\$ 4,629,000	\$ 3,781,526	\$ (847,474)
<b>Disbursements:</b>				
Current:				
Human services	5,090,683	5,229,066	4,461,577	767,489
Excess of disbursements over receipts	(461,683)	(600,066)	(680,051)	(79,985)
<b>Other financing sources (uses):</b>				
Transfers in	450,000	960,494	726,092	(234,402)
Transfers (out)	(50,000)	(275,000)	(71,727)	203,273
Total other financing sources (uses)	400,000	685,494	654,365	(31,129)
Net change in fund balances	(61,683)	85,428	(25,686)	(111,114)
<b>Fund balance at beginning of year</b>	66	66	66	-
<b>Prior year encumbrances appropriated</b>	87,405	87,405	87,405	-
<b>Fund balance at end of year</b>	\$ 25,788	\$ 172,899	\$ 61,785	\$ (111,114)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSMENTS, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 AUTO AND GAS TAX FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Charges for services	\$ 509,111	\$ 627,500	\$ 608,310	\$ (19,190)
Fines and forfeitures	14,732	20,000	17,603	(2,397)
Intergovernmental	4,845,977	5,827,245	5,790,204	(37,041)
Investment income	19,822	24,000	23,684	(316)
Other	1,308	3,000	1,563	(1,437)
Total receipts	<u>5,390,950</u>	<u>6,501,745</u>	<u>6,441,364</u>	<u>(60,381)</u>
<b>Disbursements:</b>				
Current:				
Public works	5,779,797	7,116,936	5,708,308	1,408,628
Capital outlay	577,244	998,488	1,167,255	(168,767)
Total disbursements	<u>6,357,041</u>	<u>8,115,424</u>	<u>6,875,563</u>	<u>1,239,861</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(966,091)</u>	<u>(1,613,679)</u>	<u>(434,199)</u>	<u>1,179,480</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>4,550</u>	<u>9,000</u>	<u>5,436</u>	<u>(3,564)</u>
Net change in fund balances	(961,541)	(1,604,679)	(428,763)	1,175,916
<b>Fund balance at beginning of year</b>	712,136	712,136	712,136	-
<b>Prior year encumbrances appropriated</b>	961,541	961,541	961,541	-
<b>Fund balance at end of year</b>	<u>\$ 712,136</u>	<u>\$ 68,998</u>	<u>\$ 1,244,914</u>	<u>\$ 1,175,916</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSMENTS, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 DEVELOPMENTAL DISABILITIES FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Real and other taxes	\$ 1,158,867	\$ 1,221,000	\$ 863,882	\$ (357,118)
Charges for services	13,496	20,000	10,061	(9,939)
Intergovernmental	916,830	927,463	683,454	(244,009)
Other	-	500	-	(500)
Total receipts	<u>2,089,193</u>	<u>2,168,963</u>	<u>1,557,397</u>	<u>(611,566)</u>
<b>Disbursements:</b>				
Current:				
Health	2,361,216	2,618,676	2,309,295	309,381
Capital outlay	4,795	12,295	8,669	3,626
Total disbursements	<u>2,366,011</u>	<u>2,630,971</u>	<u>2,317,964</u>	<u>313,007</u>
Net change in fund balances	(276,818)	(462,008)	(760,567)	(298,559)
<b>Fund balance at beginning of year (restated)</b>	4,247,839	4,247,839	4,247,839	-
<b>Prior year encumbrances appropriated</b>	132,677	132,677	132,677	-
<b>Fund balance at end of year</b>	<u>\$ 4,103,698</u>	<u>\$ 3,918,508</u>	<u>\$ 3,619,949</u>	<u>\$ (298,559)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF NET CASH POSITION  
PROPRIETARY FUNDS - CASH BASIS  
DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Solid Waste</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 2,008,225	\$ 18,188	\$ 2,026,413
<b>Net cash position:</b>			
Unrestricted	<u>2,008,225</u>	<u>\$ 18,188</u>	<u>2,026,413</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN NET CASH POSITION  
PROPRIETARY FUNDS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Operating cash receipts:</b>			
Charges for services	\$ 1,501,229	\$ 30,118	\$ 1,531,347
<b>Operating cash disbursements:</b>			
Personal services	-	38,627	38,627
Contract services	1,022,025	4,477	1,026,502
Capital outlay	36,608	-	36,608
Total operating cash disbursements	<u>1,058,633</u>	<u>43,104</u>	<u>1,101,737</u>
Operating income (loss) before transfers	442,596	(12,986)	429,610
Transfer in	<u>-</u>	<u>16,390</u>	<u>16,390</u>
Change in net cash position	442,596	3,404	446,000
<b>Net cash position at beginning of year</b>	<u>1,565,629</u>	<u>14,784</u>	<u>1,580,413</u>
<b>Net cash position at end of year</b>	<u>\$ 2,008,225</u>	<u>\$ 18,188</u>	<u>\$ 2,026,413</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET CASH POSITION  
CUSTODIAL FUNDS - CASH BASIS  
DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 4,168,342
Cash and cash equivalents in segregated accounts	<u>1,859,787</u>
Total assets	<u>6,028,129</u>
<b>Net cash position:</b>	
Restricted for individuals, organizations and other governments	<u>\$ 6,028,129</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BROWN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET CASH POSITION  
CUSTODIAL FUNDS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
<b>Additions:</b>	
Intergovernmental	\$ 3,230,876
Amounts received as fiscal agent	1,812,981
Licenses, permits and fees for other governments	20,212,977
Fines and forfeitures for other governments	4,580,279
Property tax collection for other governments	33,470,775
Special assessments collections for other governments	426,518
Contributions and donations	3,577
Other custodial fund collections	<u>50,382</u>
Total additions	<u>63,788,365</u>
<b>Deductions:</b>	
Distributions to the State of Ohio	19,947,655
Distributions of state funds to other governments	3,110,235
Distributions as fiscal agent	1,599,658
Licenses, permits and fees distributions to other governments	166,460
Fines and forfeitures distributions to other governments	3,624,008
Property tax distributions to other governments	33,553,039
Special assessment distributions to other governments	<u>426,518</u>
Total deductions	<u>62,470,377</u>
Net change in fiduciary net cash position	1,317,988
<b>Net cash position beginning of year</b>	<u>4,710,141</u>
<b>Net cash position end of year</b>	<u><u>\$ 6,028,129</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

#### 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 is not financially accountable for, their operations. Accordingly, the activity of the following districts and agencies is presented as custodial 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, 2022.

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 Development 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, Townships 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, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

#### 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 30-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 Development Board* – The Workforce Development Board is a jointly governed organization of representatives from the private and public sectors of Adams, Brown, Pike and Scioto Counties appointed by the county commissioners from each county. Workforce Development Board is a 22-member volunteer, business led body whose members are appointed by the County Commissioners in Adams, Brown, Pike and Scioto Counties, to shape and strengthen local and regional workforce development efforts. The Workforce Development Board brings together leaders from business, economic development, education, labor, community-based organizations, and public agencies to align a variety of resources to enhance the competitiveness of the workforce and support economic development in our region. The Workforce Advisory Board received no contributions from the County during 2022.

*County Risk Sharing Authority (CORSA)* - County Risk Sharing Authority (CORSA) is a shared risk pool among sixty-five 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 2022 was \$195,305. 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.

## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

##### A. Basis of Presentation

The County uses the provisions of Governmental Accounting Standards Board (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.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

##### B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the County are presented in three categories: governmental, proprietary, and 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.

###### *American Rescue Plan Act (ARPA) Fund*

This fund is to account for the receipts and disbursements related to the federal grant received by the County from the American Rescue Plan Act.

## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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.

##### *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.

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 County classifies funds financed primarily from user charges for goods or services as proprietary. Enterprise funds are the County's only proprietary fund type.

##### *Enterprise Funds*

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. 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 Sewer and Water Fund, which is used to account for sewer and water activities in the County.

**Fiduciary Funds:** Fiduciary fund reporting focuses on cash basis assets and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County has no trust funds. The County's only fiduciary funds are custodial funds that account for assets held by the County for political subdivisions for which the County acts as a 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 when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary 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.

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.

## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

##### D. Budgetary Data

All funds, other than custodial 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 receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

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

##### E. Cash and Investments

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 2022, investments were limited to nonnegotiable certificates of deposits and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis of accounting, investments of nonnegotiable certificates of deposit are reported at cost.

Cash in segregated accounts are held outside of the County's depository.

The County has invested funds in STAR Ohio during 2022. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculate on an amortized cost basis that provides an NAV per share the approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

Investment procedures are restricted by provisions of the Ohio Revised Code. Investment receipts credited to the General Fund in 2022 amounted to \$400,581 which includes \$285,542 assigned from other funds.

**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 basic 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 in the accompanying 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.

**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 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 \$30,000,281 in restricted net cash position, none is restricted by enabling legislation.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

**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 cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

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

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed* - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of County Commissioners (the highest level of decision-making authority). 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 cash 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 cash balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of County Commissioner, which includes giving the County Auditor the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund cash 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 only used to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

##### N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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 and after nonoperating receipts/ disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

##### O. Pensions and Net Post Employment Benefit liability

For purposes of measuring the net pension liability and the net OPEB liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### A. Change in Accounting Principles

For 2022, the County has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the County does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the County. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the County.



## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the County.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the County.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the County.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the County.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the County.

#### **B. Compliance**

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

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**C. Restatement of Budgetary Fund Balance**

The unencumbered fund balance of the General Fund and the Developmental Disabilities Fund on the statement of receipts, disbursements, and changes in fund balance – budget and actual – budgetary basis have been restated to correct certain errors and omissions.

Budgetary basis fund balances have been restated as follows:

	<u>General Fund</u>	<u>Developmental Disabilities</u>
Budgetary basis fund		
balance as previously reported	\$ 7,192,317	\$ 4,323,509
Corrections	<u>(823,526)</u>	<u>(75,670)</u>
Restated budgetary basis fund		
balance at December 31, 2021	<u>\$ 6,368,791</u>	<u>\$ 4,247,839</u>

**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 on 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 change in fund balances and the net change in budgetary basis fund balances for the general fund and the major special revenue funds is as follows:

	<u>General</u>	<u>ARPA</u>	<u>Job and Family Services</u>	<u>Auto and Gas Tax</u>	<u>Developmental Disabilities</u>
Budget basis	\$ 633,597	\$ 3,873,145	\$ (25,686)	\$ (428,763)	\$ (760,567)
Net adjustment for receipt	(19,439)	-	650,000	189,925	(26,728)
Net adjustment for disbursement	214,259	(58,721)	(63,539)	(370,886)	-
Net adjustment for other sources/uses	(198,765)	58,721	(586,461)	180,961	-
Funds budgeted elsewhere	107,358	-	-	-	-
Adjustment for encumbrances	<u>307,822</u>	<u>205,793</u>	<u>7,440</u>	<u>1,138,900</u>	<u>319,702</u>
Cash basis	<u>\$ 1,044,832</u>	<u>\$ 4,078,938</u>	<u>\$ (18,246)</u>	<u>\$ 710,137</u>	<u>\$ (467,593)</u>

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
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**NOTE 5 – CASH DEPOSITS 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.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, 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, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage 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 the market value of the securities the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments 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 simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;

## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

#### NOTE 5 – CASH DEPOSITS AND INVESTMENTS - (Continued)

9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
  - b. Bankers' acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments must be purchased with the expectation that they 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.

#### **Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2022, the carrying amount of all County deposits was \$50,709,006 and the bank balance was \$52,142,507. Of the bank balance, \$32,170,394 was covered by the FDIC and \$19,972,113 was uninsured and collateralized.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
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**NOTE 5 – CASH DEPOSITS AND INVESTMENTS - (Continued)**

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the County and deposited either with qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

The fair value of these investments is not materially different than measurement value. As of December 31, 2022, the County had the following investments:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturity 6 months or less</u>
<i>Amortized cost:</i> STAR Ohio	\$ <u>436,659</u>	\$ <u>436,659</u>

*Interest Rate Risk:* 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 the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard and Poor’s. The County has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The County has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

*Concentration of Credit Risk:* The County places no limit on the amount it may invest in any one issuer. The County has invested 100% of its investments in STAR Ohio.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
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**NOTE 5 – CASH DEPOSITS AND INVESTMENTS - (Continued)**

**Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2022:

Cash and investments per note

Carrying amount of deposits	\$ 50,709,006
Investments	436,659
Cash on hand	<u>3,000</u>
Total	<u>\$ 51,148,665</u>

Cash and investments per statement of net position

Governmental activities	\$ 43,094,123
Business-type activities	2,026,413
Custodial funds	<u>6,028,129</u>
Total	<u>\$ 51,148,665</u>

**NOTE 6 – PERMISSIVE SALES TAX**

In 1990, in accordance with ORC 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 Ohio Department of Budget and Management (OBM) 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 OBM then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund. For 2022, permissive sales tax receipts amounted to \$6,430,601 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 2022, permissive sales tax receipts amounted to \$1,288,286 in the 9-1-1 Emergency Fund.

**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.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
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**NOTE 7 – PROPERTY TAX – (Continued)**

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 proceeding 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. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 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, 2022 was \$7.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 850,830,650
Commercial/industrial/mineral	75,540,540
Public utility personal property	<u>65,384,930</u>
Total assessed value	<u>\$ 991,756,120</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 sixty-five 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 \$9,000,000 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 breakdown. 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.

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.

## BROWN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

#### **NOTE 8 – RISK MANAGEMENT - (Continued)**

Workers' Compensation benefits are provided through the Ohio Bureau of Workers' Compensation. In 2021, 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 PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

##### *Net Pension Liability and Net OPEB Asset*

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

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

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



**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

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

Plan Description - County employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. 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 plan.

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

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

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

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2022 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	***	****
<b>2022 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits **	<u>0.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

\*\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution for the Traditional Pension Plan was \$1,974,878 for 2022.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2022, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$xxx,xxx for 2022.

***Net Pension Liabilities***

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>
Proportion of the net pension liability/asset prior measurement date	0.08286500%
Proportion of the net pension liability/asset current measurement date	<u>0.08403200%</u>
Change in proportionate share	<u>0.00116700%</u>
Proportionate share of the net pension liability	\$ 7,311,124

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - OPERS*

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

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

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

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the County's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate* - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 19,276,100	\$ 7,311,124	\$ (2,645,327)

**NOTE 10 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Asset*

See Note 9 for a description of the net OPEB asset.

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

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



**BROWN COUNTY, OHIO**

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

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00%.

For 2022, OPERS did not allocate any employer contributions to post-employment health care.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Net OPEB Assets*

The net OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB asset was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the net OPEB liability/asset prior measurement date	0.08029400%
Proportion of the net OPEB liability/asset current measurement date	<u>0.08110600%</u>
Change in proportionate share	<u>0.00081200%</u>
Proportionate share of the net OPEB asset	\$ (2,540,364)

*Actuarial Assumptions - OPERS*

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

**Discount Rate** - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	\$ 1,493,973	\$ 2,540,364	\$ 3,408,885

*Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate* - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	\$ 2,567,816	\$ 2,540,364	\$ 2,507,798

**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. The County has elected to provide employee medical/surgical benefits through County Employee Benefit Consortium of Ohio (CEBCO). 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 - CONTINGENCIES**

**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.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - CONTINGENCIES - (Continued)**

**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.

**NOTE 13 - LONG-TERM DEBT**

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

	Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Amounts Due in One Year
<u>Governmental activities:</u>					
<i>General Obligation Bonds:</i>					
Jailhouse Construction Bonds	\$ 1,985,000	\$ -	\$ (320,000)	\$ 1,665,000	\$ 320,000
Emergency Communications Systems Limited Tax Bonds	<u>340,000</u>	<u>-</u>	<u>(60,000)</u>	<u>280,000</u>	<u>65,000</u>
Total General Obligation Bonds	<u>2,325,000</u>	<u>-</u>	<u>(380,000)</u>	<u>1,945,000</u>	<u>385,000</u>
<i>OPWC Loans (direct borrowings):</i>					
County Township Road Resurfacing	-	186,397	-	186,397	-
Brown County and Mt. Orab Paving	<u>643,344</u>	<u>-</u>	<u>(45,953)</u>	<u>597,391</u>	<u>45,953</u>
Total OPWC Loans (direct borrowings)	<u>643,344</u>	<u>186,397</u>	<u>(45,953)</u>	<u>783,788</u>	<u>45,953</u>
<i>Forgivable Debt</i>					
Mental Health Forgivable debt	<u>105,728</u>	<u>-</u>	<u>(8,750)</u>	<u>96,978</u>	<u>8,750</u>
Total governmental activities	<u>\$ 3,074,072</u>	<u>\$ 186,397</u>	<u>\$ (434,703)</u>	<u>\$ 2,825,766</u>	<u>\$ 439,703</u>

The County's total legal debt margin was \$102,189,412 with an unvoted debt margin of \$54,546,587.

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 2017, the County issued \$3,200,000 in Jailhouse Facilities Improvement Bonds in order to construct a new Jailhouse. The bonds will mature on December 1, 2027. These bonds are being retired from the General Fund.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - LONG-TERM DEBT - (Continued)**

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 payable represents twenty-five percent of the land purchase and construction costs which the County was required to pay.

**Direct Borrowing**

*Ohio Public Works Commission (OPWC)*

In 2020, the County entered into agreement CO14W with the Ohio Public Works Commission (OPWC) to finance the Mt. Orab paving project. The loan was in the amount of \$689,297. The loan carries a 0% interest rate and matures July 2035.

In 2022, the County entered into agreement CO14Y with the Ohio Public Works Commission (OPWC) to finance the County Township resurfacing project. The County has drawn \$186,397 on the loan as of December 31, 2022. The loan is still open and a repayment schedule has not been established. The loan will carry a 0% interest rate and mature July 2032.

In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

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

Year Ended	Energy Communication General Obligation Bonds		Jailhouse Improvement General Obligation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 65,000	\$ 19,600	\$ 320,000	\$ 29,138
2024	70,000	15,050	330,000	23,538
2025	70,000	10,150	330,000	17,762
2026	75,000	5,250	335,000	11,988
2027	-	-	350,000	6,125
Total	<u>\$ 280,000</u>	<u>\$ 50,050</u>	<u>\$ 1,665,000</u>	<u>\$ 88,551</u>

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
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**NOTE 13 - LONG-TERM DEBT - (Continued)**

Year Ending December 31,	Forgivable	<i>Direct</i>
	Debt	<u>Borrowings</u> OPWC Loans
	Principal	Principal
2023	\$ 8,750	\$ 45,953
2024	8,750	45,953
2025	8,750	45,953
2026	8,750	45,953
2027	8,750	45,953
2028 - 2032	43,750	229,765
2033 - 2035	<u>9,478</u>	<u>137,861</u>
Totals	<u>\$ 96,978</u>	<u>\$ 597,391</u>

**NOTE 14 - INTERFUND TRANSACTIONS**

**A. Transfers**

Interfund cash transfers for the year ended December 31, 2022, were as follows:

Transfers To	Transfers From		
	General	Nonmajor Governmental	Total
Job and Family Services	\$ 67,904	\$ -	\$ 67,904
Nonmajor governmental funds	1,801,667	86,360	1,888,027
Nonmajor enterprise funds	<u>16,390</u>	<u>-</u>	<u>16,390</u>
Total	<u>\$ 1,885,961</u>	<u>\$ 86,360</u>	<u>\$ 1,972,321</u>

Transfers are used to (1) move cash receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements. Only transfers between governmental funds and enterprise funds are reported on the statement of activities – cash basis.

**B. Advances**

Advances in/advances out consisted of the following at December 31, 2022 as reported on the fund statement:

<u>Advances In</u>	<u>Advances Out</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	<u>\$ 20,560</u>

Advances between governmental funds are eliminated on the government-wide financial statements.



**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

During 2022, the County received \$4,269,633 in American Rescue Plan Act (ARPA) money.

**BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - 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	ARPA	Job and Family Services	Auto and Gas Tax	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Unclaimed funds	\$ 238,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,215
Total nonspendable	<u>238,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,215</u>
Restricted:							
Other purposes	-	-	-	-	-	2,723,250	2,723,250
ARPA	-	8,304,507	-	-	-	-	8,304,507
E-911 services	-	-	-	-	-	1,106,486	1,106,486
CSEA	-	-	-	-	-	160,043	160,043
Residential Facility/DD	-	-	-	-	-	418,058	418,058
Real estate assessment	-	-	-	-	-	2,552,075	2,552,075
Children services	-	-	-	-	-	582,223	582,223
Mental health	-	-	-	-	-	1,485,062	1,485,062
Auto and gas tax	-	-	-	2,383,814	-	-	2,383,814
Public assistance	-	-	69,225	-	-	-	69,225
Board of DD	-	-	-	-	3,986,877	-	3,986,877
Medicaid reserve	-	-	-	-	-	2,533,528	2,533,528
Treasurer DTAC	-	-	-	-	-	431,193	431,193
CDBG revolving loan	-	-	-	-	-	343,146	343,146
Debt service payments	-	-	-	-	-	19	19
Capital improvements	-	-	-	-	-	2,682,560	2,682,560
Total restricted	<u>-</u>	<u>8,304,507</u>	<u>69,225</u>	<u>2,383,814</u>	<u>3,986,877</u>	<u>15,017,643</u>	<u>29,762,066</u>
Assigned:							
Legislative & executive	108,928	-	-	-	-	-	108,928
Judicial	138,666	-	-	-	-	-	138,666
Public safety	51,624	-	-	-	-	-	51,624
Human services	8,604	-	-	-	-	-	8,604
Total assigned	<u>307,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,822</u>
Unassigned	<u>12,786,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,786,020</u>
Total fund balances	<u>\$ 13,332,057</u>	<u>\$ 8,304,507</u>	<u>\$ 69,225</u>	<u>\$ 2,383,814</u>	<u>\$ 3,986,877</u>	<u>\$ 15,017,643</u>	<u>\$ 43,094,123</u>