

BROWN COUNTY, OHIO

Cash Basis Financial Statements

**For the Year Ended
December 31, 2023**

BROWN COUNTY, OHIO

**CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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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, 2023, 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 14, 2024

BROWN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (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, 2023. 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 2023 are as follows:

- In total, net cash position increased \$2,481,027, which represents a 5.50% increase from the 2022's net cash position. Governmental activities net cash position increased \$2,300,505 or 5.34% from 2022's net cash position, while business-type activities net cash position increased \$180,522 or 8.91%.
- 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, the Developmental Disabilities Fund, and the Capital Projects Fund. The General Fund had receipts of \$16,653,172 and disbursements and other financing uses of \$17,573,259. The General Fund's fund balance decreased \$920,087, from a fund cash balance of \$13,332,057 to \$12,411,970 during 2023.
- The ARPA Fund had receipts of \$50,000 and disbursements of \$2,123,638. The ARPA fund's fund balance decreased \$2,123,638, from \$8,304,507 to \$6,230,869 during 2023 due to the County spending down the ARPA funds received from the federal government in prior years.
- The Job and Family Services Fund had receipts and other financing sources of \$5,340,525 and disbursements of \$5,260,753. The Job and Family Services Fund's fund balance increased \$79,772, from \$69,225 to \$148,997 during 2023.
- The Auto & Gas Tax Fund had receipts and other financing sources of \$7,065,009 and disbursements of \$6,445,409. The Auto & Gas Tax Fund's fund balance increased \$619,600, from \$2,383,814 to \$3,003,414 during 2023.
- The Developmental Disabilities Fund had receipts of \$2,137,656 and disbursements of \$2,734,934. The Developmental Disabilities Fund's fund balance decreased \$597,278, from a fund cash balance of \$3,986,877 to \$3,389,599 during 2023.
- The Capital Projects Fund had other financing sources of \$4,500,000 and disbursements of \$111,096. The Capital Projects Fund's fund balance increased \$4,388,904, from \$2,668,247 to \$7,057,151 during 2023.
- The County's business-type activities consist of the Solid Waste Fund and the Sewer and Water Fund. These activities had program receipts of \$1,426,086 and disbursements of \$1,245,564. Net position of the business-type activities increased \$180,522.

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.

BROWN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

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.

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, the Developmental Disabilities fund, and the Capital Projects 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 2023?", 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, 2023 (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, the Developmental Disabilities Fund, and the Capital Projects 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 funds use the cash basis of accounting. 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, 2023
(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 2023 and 2022.

	Net Cash Position					
	Governmental Activities 2023	Business-Type Activities 2023	Governmental Activities 2022	Business-Type Activities 2022	2023 Total	2022 Total
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 45,394,628	\$ 2,206,935	\$ 43,094,123	\$ 2,026,413	\$ 47,601,563	\$ 45,120,536
Total assets	<u>45,394,628</u>	<u>2,206,935</u>	<u>43,094,123</u>	<u>2,026,413</u>	<u>47,601,563</u>	<u>45,120,536</u>
<u>Net Cash Position</u>						
Restricted	28,726,757	-	30,000,281	-	28,726,757	30,000,281
Unrestricted	<u>16,667,871</u>	<u>2,206,935</u>	<u>13,093,842</u>	<u>2,026,413</u>	<u>18,874,806</u>	<u>15,120,255</u>
Total net cash position	<u>\$ 45,394,628</u>	<u>\$ 2,206,935</u>	<u>\$ 43,094,123</u>	<u>\$ 2,026,413</u>	<u>\$ 47,601,563</u>	<u>\$ 45,120,536</u>

The total net cash position of the County increased \$2,481,027. Net cash position of governmental activities increased \$2,300,505, which represents a 5.34% increase from the 2022 balance. Net cash position of business-type activities increased \$180,522 or 8.91% from the 2022 balance.

During 2023, the County spent down some of the ARPA funding received from the federal government, which accounted for most of the decrease in restricted net position from December 31, 2022.

A portion of the County's governmental activities net cash position, \$28,726,757, 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 \$16,667,871 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, 2023
(UNAUDITED)

The table below shows the changes in net cash position for 2023 and 2022.

	Change in Net Cash Position					
	Governmental	Business-Type	Governmental	Business-Type	2023	2022
	Activities	Activities	Activities	Activities	Total	Total
	2023	2023	2022	2022		
Cash Receipts:						
Program receipts:						
Charges for services and sales	\$ 5,814,121	\$ 1,426,086	\$ 5,669,342	\$ 1,531,347	\$ 7,240,207	\$ 7,200,689
Operating grants and contributions	16,761,489	-	20,410,503	-	16,761,489	20,410,503
Capital grants and contributions	1,604,618	-	1,018,845	-	1,604,618	1,018,845
Total program receipts	<u>24,180,228</u>	<u>1,426,086</u>	<u>27,098,690</u>	<u>1,531,347</u>	<u>25,606,314</u>	<u>28,630,037</u>
General receipts:						
Property taxes	5,381,890	-	4,217,670	-	5,381,890	4,217,670
Sales taxes	7,745,431	-	7,718,887	-	7,745,431	7,718,887
Unrestricted grants	1,758,189	-	1,643,411	-	1,758,189	1,643,411
Proceeds of loans	448,846	-	186,397	-	448,846	186,397
Investment receipts	1,731,439	-	400,581	-	1,731,439	400,581
Miscellaneous	194,742	-	212,960	-	194,742	212,960
Total general receipts	<u>17,260,537</u>	<u>-</u>	<u>14,379,906</u>	<u>-</u>	<u>17,260,537</u>	<u>14,379,906</u>
Total receipts	<u>41,440,765</u>	<u>1,426,086</u>	<u>41,478,596</u>	<u>1,531,347</u>	<u>42,866,851</u>	<u>43,009,943</u>
Cash Disbursements:						
General government:						
Legislative and executive	7,429,204	-	5,169,339	-	7,429,204	5,169,339
Judicial	4,683,961	-	4,258,265	-	4,683,961	4,258,265
Public safety	5,655,247	-	5,695,346	-	5,655,247	5,695,346
Public works	4,854,717	-	5,312,954	-	4,854,717	5,312,954
Health	4,532,539	-	4,107,633	-	4,532,539	4,107,633
Human services	9,159,440	-	7,696,053	-	9,159,440	7,696,053
Community and economic development	313,243	-	394,636	-	313,243	394,636
Capital outlay	1,985,556	-	1,277,697	-	1,985,556	1,277,697
Debt service:						
Principal retirement	477,553	-	434,703	-	477,553	434,703
Interest and fiscal charges	48,800	-	58,704	-	48,800	58,704
Solid waste	-	1,201,385	-	1,058,633	1,201,385	1,058,633
Sewer and water	-	44,179	-	43,104	44,179	43,104
Total cash disbursements	<u>39,140,260</u>	<u>1,245,564</u>	<u>34,405,330</u>	<u>1,101,737</u>	<u>40,385,824</u>	<u>35,507,067</u>
Increase in net cash position before transfers	2,300,505	180,522	7,073,266	429,610	2,481,027	7,502,876
Transfers	-	-	(16,390)	16,390	-	-
Change in net cash position	2,300,505	180,522	7,056,876	446,000	2,481,027	7,502,876
Net cash position at beginning of year	<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>
Net cash assets at end of year	<u>\$ 45,394,628</u>	<u>\$ 2,206,935</u>	<u>\$ 43,094,123</u>	<u>\$ 2,026,413</u>	<u>\$ 47,601,563</u>	<u>\$ 45,120,536</u>

BROWN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Governmental Activities

General government represents activities related to the governing body as well as activities that directly support County programs. In 2023, general government cash disbursements totaled \$12,113,165 or 30.95% of total governmental activities cash disbursements. General government programs were supported by \$3,613,722 in direct charges to users and \$1,174,699 in operating grants and contributions.

The County's human services programs accounted for \$9,159,440, or 23.40%, 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 \$1,355,305 in direct charges to users and \$7,497,853 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 2023 and 2022. 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 2023 and 2022.

	Governmental Activities			
	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Cash disbursements:				
General government:				
Legislative and executive	\$ 7,429,204	\$ 5,037,782	\$ 5,169,339	\$ 2,526,490
Judicial	4,683,961	2,286,962	4,258,265	1,906,403
Public safety	5,655,247	4,914,001	5,695,346	704,694
Public works	4,854,717	(191,398)	5,312,954	(450,569)
Health	4,532,539	1,782,312	4,107,633	1,733,161
Human services	9,159,440	306,282	7,696,053	204,373
Community & economic development	313,243	4,428	394,636	(19,317)
Capital outlay	1,985,556	380,938	1,277,697	258,852
Debt service:				
Principal retirement	477,553	389,925	434,703	383,849
Interest and fiscal charges	48,800	48,800	58,704	58,704
Total	\$ 39,140,260	\$ 14,960,032	\$ 34,405,330	\$ 7,306,640

The dependence upon general cash receipts for governmental activities is apparent, with 38.22% of cash disbursements supported through taxes and other general cash receipts during 2023.

BROWN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 \$1,426,086 and operating cash disbursements of \$1,245,564 for 2023. The net cash position of the programs increased \$180,522 from the 2022 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 \$45,394,628, which is \$2,300,505 above last year's balance of \$43,094,123.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2023 and December 31, 2022 for all major and nonmajor governmental funds.

	<u>Fund Cash Balance December 31, 2023</u>	<u>Fund Cash Balance December 31, 2022</u>	<u>Increase (Decrease)</u>
Major Funds:			
General	\$ 12,411,970	\$ 13,332,057	\$ (920,087)
ARPA	6,230,869	8,304,507	(2,073,638)
Job and Family Services	148,997	69,225	79,772
Auto and Gas Tax	3,003,414	2,383,814	619,600
Developmental Disabilities	3,389,599	3,986,877	(597,278)
Capital Projects	7,057,151	2,668,247	4,388,904
Non-Major Funds:			
Other Governmental Funds	<u>13,152,628</u>	<u>12,349,396</u>	<u>803,232</u>
Total	<u>\$ 45,394,628</u>	<u>\$ 43,094,123</u>	<u>\$ 2,300,505</u>

General Fund

The General Fund, the County's largest major fund, had cash receipts of \$16,653,172 in 2023. The cash disbursements and other financing uses of the General Fund totaled \$17,573,259 in 2023. Of the total General Fund's cash disbursements, \$4,724,881 represents transfers and advances to other funds. The General Fund's cash balance decreased \$920,087 from the 2022 balance.

BROWN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

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

	2023 <u>Amount</u>	2022 <u>Amount</u>	Percentage <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 10,495,440	\$ 9,811,117	6.97 %
Charges for services	2,318,722	2,515,691	(7.83) %
Fines and forfeitures	307,295	277,304	10.82 %
Intergovernmental	1,605,534	1,535,913	4.53 %
Investment income	1,731,439	400,581	332.23 %
Other	194,742	212,960	(8.55) %
Total	<u>\$ 16,653,172</u>	<u>\$ 14,753,566</u>	12.88 %

Tax receipts increased during 2023 due to an increase in the collection of sales taxes. Receipts related to charges for services decreased primarily in certificate of title administrative fees. Fines and forfeitures increased due to increased 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 2023 due to a decrease in miscellaneous refunds and reimbursements.

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

	2023 <u>Amount</u>	2022 <u>Amount</u>	Percentage <u>Change</u>
<u>Cash Disbursements</u>			
General government:			
Legislative and executive	\$ 4,259,213	\$ 3,825,726	11.33 %
Judicial	3,175,276	2,935,763	8.16 %
Public safety	4,319,015	4,264,662	1.27 %
Public works	67,153	72,577	(7.47) %
Human services	618,598	334,389	84.99 %
Economic development	55,146	11,262	389.66 %
Capital outlay	4,777	2,930	63.04 %
Debt service	349,200	354,904	(1.61) %
Total	<u>\$ 12,848,378</u>	<u>\$ 11,802,213</u>	8.86 %

General government disbursements increased 19.49% from the prior year. Legislative and executive disbursements increased due to increased 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 increased due to an increase in costs related to public assistance. Economic development disbursements increased due to increased administrative costs of the department. All other disbursements remained comparable to the prior year or changed an insignificant amount.

ARPA Fund

The ARPA Fund had receipts of \$50,000 and disbursements of \$2,123,638. The ARPA fund's fund balance decreased \$2,123,638, from \$8,304,507 to \$6,230,869 during 2023 due to the County spending down the ARPA funds received from the federal government in prior years.

BROWN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

Job and Family Services Fund

The Job and Family Services Fund had receipts and other financing sources of \$5,340,525 and disbursements of \$5,260,753. The Job and Family Services Fund's fund balance increased \$79,772, from \$69,225 to \$148,997 during 2023.

Auto and Gas Tax Fund

The Auto & Gas Tax Fund had receipts and other financing sources of \$7,065,009 and disbursements of \$6,445,409. The Auto & Gas Tax Fund's fund balance increased \$619,600, from \$2,383,814 to \$3,003,414 during 2023.

Developmental Disabilities Fund

The Developmental Disabilities Fund had receipts of \$2,137,656 and disbursements of \$2,734,934. The Developmental Disabilities Fund's fund balance decreased \$597,278, from a fund cash balance of \$3,986,877 to \$3,389,599 during 2023.

Capital Projects Fund

The Capital Projects Fund had other financing sources of \$4,500,000 and disbursements of \$111,096. The Capital Projects Fund's fund balance increased \$4,388,904, from \$2,668,247 to \$7,057,151 during 2023.

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 \$13,910,783 were increased to \$17,498,603 in the final budget. Actual revenues and other financing sources of \$16,721,753 were \$776,850 less than final budgeted estimates. Original appropriations of \$14,215,115 were increased to \$19,572,756 in the final budget. Actual disbursements and other financing uses of \$18,050,997 were \$1,521,759 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 \$1,985,556 for governmental activities and \$45,780 for business-type activities during 2023.

Debt Administration

At December 31, 2023, the County had \$1,560,000 in general obligation bonds, \$1,270,585 in Ohio Public Works Commission (OPWC) loans, and \$88,228 in forgivable debt to governmental activities.

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

BROWN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

Current Financial Related Activities

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

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

Contacting the County's Financial Management

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

BROWN COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
 DECEMBER 31, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 45,394,628	\$ 2,206,935	\$ 47,601,563
Net cash position:			
Restricted for:			
Debt service	19	-	19
Capital projects	2,571,464	-	2,571,464
Public assistance	148,997	-	148,997
Mental health	1,493,695	-	1,493,695
Developmental disabilities	3,389,599	-	3,389,599
ARPA	6,230,869	-	6,230,869
Real estate assessment	2,474,198	-	2,474,198
CSEA	236,499	-	236,499
Childrens services	720,460	-	720,460
Auto and gas tax	3,003,414	-	3,003,414
Residential facility/developmental disabilities	288,452	-	288,452
Medicaid reserve	2,533,528	-	2,533,528
Treasurer DTAC	436,878	-	436,878
CDBG revolving loan	397,250	-	397,250
E-911 services	1,399,354	-	1,399,354
Other purposes	3,402,081	-	3,402,081
Unrestricted	<u>16,667,871</u>	<u>2,206,935</u>	<u>18,874,806</u>
Total net cash position	<u>\$ 45,394,628</u>	<u>\$ 2,206,935</u>	<u>\$ 47,601,563</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BROWN COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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>
Governmental activities:				
General government:				
Legislative and executive	\$ 7,429,204	\$ 2,165,290	\$ 226,132	\$ -
Judicial	4,683,961	1,448,432	948,567	-
Public safety	5,655,247	315,877	425,369	-
Public works	4,854,717	351,704	4,694,411	-
Health	4,532,539	171,254	2,578,973	-
Human services	9,159,440	1,355,305	7,497,853	-
Community and economic development	313,243	-	308,815	-
Capital outlay	1,985,556	-	-	1,604,618
Debt service:				
Principal retirement	477,553	6,259	81,369	-
Interest and fiscal charges	48,800	-	-	-
Total governmental activities	<u>39,140,260</u>	<u>5,814,121</u>	<u>16,761,489</u>	<u>1,604,618</u>
Business-type activities:				
Solid waste	1,201,385	1,365,627	-	-
Sewer and water	44,179	60,459	-	-
Total business-type activities	<u>1,245,564</u>	<u>1,426,086</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 40,385,824</u>	<u>\$ 7,240,207</u>	<u>\$ 16,761,489</u>	<u>\$ 1,604,618</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

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**

	Governmental Activities	Business-type Activities	Total
\$	(5,037,782)	\$ -	\$ (5,037,782)
	(2,286,962)	-	(2,286,962)
	(4,914,001)	-	(4,914,001)
	191,398	-	191,398
	(1,782,312)	-	(1,782,312)
	(306,282)	-	(306,282)
	(4,428)	-	(4,428)
	(380,938)	-	(380,938)
	(389,925)	-	(389,925)
	(48,800)	-	(48,800)
	(14,960,032)	-	(14,960,032)
	-	164,242	164,242
	-	16,280	16,280
	-	180,522	180,522
	(14,960,032)	180,522	(14,779,510)
	4,040,147	-	4,040,147
	1,341,743	-	1,341,743
	6,455,293	-	6,455,293
	1,290,138	-	1,290,138
	1,758,189	-	1,758,189
	1,731,439	-	1,731,439
	448,846	-	448,846
	194,742	-	194,742
	17,260,537	-	17,260,537
	2,300,505	180,522	2,481,027
	43,094,123	2,026,413	45,120,536
\$	\$ 45,394,628	\$ 2,206,935	\$ 47,601,563

BROWN COUNTY, OHIO

STATEMENT OF CASH ASSETS AND FUND CASH BALANCES
 GOVERNMENTAL FUNDS - CASH BASIS
 DECEMBER 31, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>ARPA</u>	<u>Job and Family Services</u>	<u>Auto and Gas Tax</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 12,411,970	\$ 6,230,869	\$ 148,997	\$ 3,003,414
Fund cash balances:				
Nonspendable	\$ 244,099	\$ -	\$ -	\$ -
Restricted	-	6,230,869	148,997	3,003,414
Committed	-	-	-	-
Assigned	220,553	-	-	-
Unassigned	11,947,318	-	-	-
Total fund cash balances	<u>\$ 12,411,970</u>	<u>\$ 6,230,869</u>	<u>\$ 148,997</u>	<u>\$ 3,003,414</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Developmental Disabilities	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>\$ 3,389,599</u>	<u>\$ 7,057,151</u>	<u>\$ 13,152,628</u>	<u>\$ 45,394,628</u>
\$ -	\$ -	\$ -	\$ 244,099
3,389,599	2,557,151	13,152,628	28,482,658
-	4,500,000	-	4,500,000
-	-	-	220,553
-	-	-	11,947,318
<u>\$ 3,389,599</u>	<u>\$ 7,057,151</u>	<u>\$ 13,152,628</u>	<u>\$ 45,394,628</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, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>ARPA</u>	<u>Job and Family Services</u>	<u>Auto and Gas Tax</u>
Cash receipts:				
Sales taxes	\$ 6,455,293	\$ -	\$ -	\$ -
Real and other taxes	4,040,147	-	-	-
Charges for services	2,318,722	-	1,025,000	336,927
Licenses and permits	-	-	-	-
Fines and forfeitures	307,295	-	-	21,036
Intergovernmental	1,605,534	50,000	4,167,552	6,158,650
Investment income	1,731,439	-	-	98,090
Contributions and donations	-	-	-	-
Other	194,742	-	1,377	1,460
Total cash receipts	<u>16,653,172</u>	<u>50,000</u>	<u>5,193,929</u>	<u>6,616,163</u>
Disbursements:				
Current:				
General government:				
Legislative and executive	4,259,213	2,123,638	-	-
Judicial	3,175,276	-	-	-
Public safety	4,319,015	-	-	-
Public works	67,153	-	-	4,709,216
Health	-	-	-	-
Human services	618,598	-	5,260,753	-
Community and economic development	55,146	-	-	-
Capital outlay	4,777	-	-	1,652,390
Debt service:				
Principal retirement	320,000	-	-	83,803
Interest and fiscal charges	29,200	-	-	-
Total disbursements	<u>12,848,378</u>	<u>2,123,638</u>	<u>5,260,753</u>	<u>6,445,409</u>
Excess (deficiency) of cash receipts over (under) disbursements	<u>3,804,794</u>	<u>(2,073,638)</u>	<u>(66,824)</u>	<u>170,754</u>
Other financing sources (uses):				
Advances in and not repaid	-	-	-	-
Advances (out) and not repaid	(64,401)	-	-	-
Transfers in	-	-	146,596	-
Transfers (out)	(4,660,480)	-	-	-
Loan proceeds	-	-	-	448,846
Total other financing sources (uses)	<u>(4,724,881)</u>	<u>-</u>	<u>146,596</u>	<u>448,846</u>
Net change in fund cash balances	(920,087)	(2,073,638)	79,772	619,600
Fund cash balances at beginning of year	13,332,057	8,304,507	69,225	2,383,814
Fund cash balances at end of year	<u>\$ 12,411,970</u>	<u>\$ 6,230,869</u>	<u>\$ 148,997</u>	<u>\$ 3,003,414</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Developmental Disabilities	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,290,138	\$ 7,745,431
1,341,743	-	-	5,381,890
30,044	-	1,421,183	5,131,876
-	-	52,080	52,080
-	-	301,834	630,165
765,869	-	7,033,670	19,781,275
-	-	-	1,829,529
-	-	16,842	16,842
-	-	225,252	422,831
<u>2,137,656</u>	<u>-</u>	<u>10,340,999</u>	<u>40,991,919</u>
-	-	1,046,353	7,429,204
-	-	1,508,685	4,683,961
-	-	1,336,232	5,655,247
-	-	78,348	4,854,717
2,566,935	-	1,965,604	4,532,539
-	-	3,280,089	9,159,440
-	-	258,097	313,243
167,999	111,096	49,294	1,985,556
-	-	73,750	477,553
-	-	19,600	48,800
<u>2,734,934</u>	<u>111,096</u>	<u>9,616,052</u>	<u>39,140,260</u>
<u>(597,278)</u>	<u>(111,096)</u>	<u>724,947</u>	<u>1,851,659</u>
-	-	64,401	64,401
-	-	-	(64,401)
-	4,500,000	128,609	4,775,205
-	-	(114,725)	(4,775,205)
-	-	-	448,846
<u>-</u>	<u>4,500,000</u>	<u>78,285</u>	<u>448,846</u>
(597,278)	4,388,904	803,232	2,300,505
3,986,877	2,668,247	12,349,396	43,094,123
<u>\$ 3,389,599</u>	<u>\$ 7,057,151</u>	<u>\$ 13,152,628</u>	<u>\$ 45,394,628</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, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Sales taxes	\$ 5,370,143	\$ 6,479,999	\$ 6,455,293	\$ (24,706)
Real and other taxes	3,351,978	4,029,318	4,029,318	-
Charges for services	1,550,299	1,942,232	1,863,572	(78,660)
Fines and forfeitures	255,636	339,600	307,295	(32,305)
Intergovernmental	1,335,639	1,667,573	1,605,534	(62,039)
Investment income	1,440,379	1,750,000	1,731,439	(18,561)
Other	143,456	652,881	172,438	(480,443)
Total receipts	<u>13,447,530</u>	<u>16,861,603</u>	<u>16,164,889</u>	<u>(696,714)</u>
Disbursements:				
Current:				
General government:				
Legislative and executive	5,589,856	5,462,853	4,624,150	838,703
Judicial	3,255,738	3,289,016	2,952,119	336,897
Public safety	4,594,805	4,687,205	4,531,809	155,396
Public works	82,688	82,688	69,602	13,086
Human services	635,176	818,527	641,156	177,371
Community and economic development	56,852	57,463	57,157	306
Debt service:				
Principal retirement	-	328,800	328,800	-
Interest and fiscal charges	-	29,200	29,200	-
Total disbursements	<u>14,215,115</u>	<u>14,755,752</u>	<u>13,233,993</u>	<u>1,521,759</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(767,585)</u>	<u>2,105,851</u>	<u>2,930,896</u>	<u>825,045</u>
Other financing sources (uses):				
Advances in and not repaid	92,579	112,000	111,287	(713)
Advances (out) and not repaid	-	(64,401)	(64,401)	-
Transfers in	370,674	525,000	445,577	(79,423)
Transfers (out)	-	(4,752,603)	(4,752,603)	-
Total other financing sources (uses)	<u>463,253</u>	<u>(4,180,004)</u>	<u>(4,260,140)</u>	<u>(80,136)</u>
Net change in fund balances	(304,332)	(2,074,153)	(1,329,244)	744,909
Fund balance at beginning of year	7,443,859	7,443,859	7,443,859	-
Prior year encumbrances appropriated	307,822	307,822	307,822	-
Fund balance at end of year	<u>\$ 7,447,349</u>	<u>\$ 5,677,528</u>	<u>\$ 6,422,437</u>	<u>\$ 744,909</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, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ -	\$ 50,000	\$ 50,000	\$ -
Disbursements:				
Current:				
General government:				
Legislative and executive	205,793	3,192,689	2,668,147	524,542
Excess of disbursements over receipts	(205,793)	(3,142,689)	(2,618,147)	524,542
Other financing (uses):				
Transfers (out)	-	(8,655)	(8,655)	-
Net change in fund balances	(205,793)	(3,151,344)	(2,626,802)	524,542
Fund balance at beginning of year	8,098,714	8,098,714	8,098,714	-
Prior year encumbrances appropriated	205,793	205,793	205,793	-
Fund balance at end of year	<u>\$ 8,098,714</u>	<u>\$ 5,153,163</u>	<u>\$ 5,677,705</u>	<u>\$ 524,542</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, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ 4,165,338	\$ 4,800,000	\$ 4,167,552	\$ (632,448)
Other	1,376	5,000	1,377	(3,623)
Total receipts	<u>4,166,714</u>	<u>4,805,000</u>	<u>4,168,929</u>	<u>(636,071)</u>
Disbursements:				
Current:				
Human services	<u>5,071,830</u>	<u>5,476,439</u>	<u>5,161,126</u>	<u>315,313</u>
Excess of disbursements over receipts	<u>(905,116)</u>	<u>(671,439)</u>	<u>(992,197)</u>	<u>(320,758)</u>
Other financing sources (uses):				
Transfers in	1,233,286	1,310,000	1,233,942	(76,058)
Transfers (out)	<u>(125,000)</u>	<u>(225,000)</u>	<u>(161,972)</u>	<u>63,028</u>
Total other financing sources (uses)	<u>1,108,286</u>	<u>1,085,000</u>	<u>1,071,970</u>	<u>(13,030)</u>
Net change in fund balances	203,170	413,561	79,773	(333,788)
Fund balance at beginning of year	61,785	61,785	61,785	-
Prior year encumbrances appropriated	7,440	7,440	7,440	-
Fund balance at end of year	<u>\$ 272,395</u>	<u>\$ 482,786</u>	<u>\$ 148,998</u>	<u>\$ (333,788)</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)
 AUTO AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Charges for services	\$ 262,245	\$ 342,000	\$ 336,927	\$ (5,073)
Fines and forfeitures	16,373	23,000	21,036	(1,964)
Intergovernmental	5,142,898	5,557,500	6,158,650	601,150
Investment income	76,348	105,000	98,090	(6,910)
Other	1,136	2,900	1,460	(1,440)
Total receipts	<u>5,499,000</u>	<u>6,030,400</u>	<u>6,616,163</u>	<u>585,763</u>
Disbursements:				
Current:				
Public works	5,719,144	7,323,958	5,686,103	1,637,855
Capital outlay	919,755	1,080,226	1,652,390	(572,164)
Total disbursements	<u>6,638,899</u>	<u>8,404,184</u>	<u>7,338,493</u>	<u>1,065,691</u>
Excess of disbursements over receipts	<u>(1,139,899)</u>	<u>(2,373,784)</u>	<u>(722,330)</u>	<u>1,651,454</u>
Other financing sources (uses):				
Loan proceeds	<u>-</u>	<u>-</u>	<u>448,846</u>	<u>448,846</u>
Net change in fund balances	(1,139,899)	(2,373,784)	(273,484)	2,100,300
Fund balance at beginning of year	1,244,914	1,244,914	1,244,914	-
Prior year encumbrances appropriated	1,138,900	1,138,900	1,138,900	-
Fund balance at end of year	<u>\$ 1,243,915</u>	<u>\$ 10,030</u>	<u>\$ 2,110,330</u>	<u>\$ 2,100,300</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, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Real and other taxes	\$ 1,244,620	\$ 1,318,488	\$ 1,318,488	\$ -
Charges for services	28,361	70,000	30,044	(39,956)
Intergovernmental	722,962	906,097	765,869	(140,228)
Total receipts	<u>1,995,943</u>	<u>2,294,585</u>	<u>2,114,401</u>	<u>(180,184)</u>
Disbursements:				
Current:				
Health	2,461,514	3,380,522	2,837,546	542,976
Capital outlay	4,939	229,939	167,999	61,940
Total disbursements	<u>2,466,453</u>	<u>3,610,461</u>	<u>3,005,545</u>	<u>604,916</u>
Net change in fund balances	(470,510)	(1,315,876)	(891,144)	424,732
Fund balance at beginning of year	3,619,949	3,619,949	3,619,949	-
Prior year encumbrances appropriated	319,702	319,702	319,702	-
Fund balance at end of year	<u>\$ 3,469,141</u>	<u>\$ 2,623,775</u>	<u>\$ 3,048,507</u>	<u>\$ 424,732</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BROWN COUNTY, OHIO

STATEMENT OF NET CASH POSITION
PROPRIETARY FUNDS - CASH BASIS
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Solid Waste</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 2,172,467	\$ 34,468	\$ 2,206,935
Net cash position:			
Unrestricted	<u>2,172,467</u>	<u>\$ 34,468</u>	<u>2,206,935</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, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Solid Waste</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Operating cash receipts:			
Charges for services	\$ 1,365,627	\$ 60,459	\$ 1,426,086
Operating cash disbursements:			
Personal services	-	38,802	38,802
Contract services	1,155,605	5,377	1,160,982
Capital outlay	45,780	-	45,780
Total operating cash disbursements	<u>1,201,385</u>	<u>44,179</u>	<u>1,245,564</u>
Operating income/Change in net cash position	164,242	16,280	180,522
Net cash position at beginning of year	<u>2,008,225</u>	<u>18,188</u>	<u>2,026,413</u>
Net cash position at end of year	<u>\$ 2,172,467</u>	<u>\$ 34,468</u>	<u>\$ 2,206,935</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BROWN COUNTY, OHIO

STATEMENT OF FIDUCIARY NET CASH POSITION
CUSTODIAL FUNDS - CASH BASIS
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,045,880
Cash and cash equivalents in segregated accounts	<u>1,219,624</u>
Total assets	<u>5,265,504</u>
Net cash position:	
Restricted for individuals, organizations and other governments	<u>\$ 5,265,504</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, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
Additions:	
Intergovernmental	\$ 2,294,379
Amounts received as fiscal agent	1,805,792
Licenses, permits and fees for other governments	16,270,093
Fines and forfeitures for other governments	3,745,613
Property tax collection for other governments	37,335,654
Special assessments collections for other governments	909,546
Contributions and donations	4,949
	<hr/>
Total additions	62,366,026
	<hr/>
Deductions:	
Distributions to the State of Ohio	15,988,371
Distributions of state funds to other governments	2,412,825
Distributions as fiscal agent	2,005,185
Licenses, permits and fees distributions to other governments	150,851
Fines and forfeitures distributions to other governments	4,438,909
Property tax distributions to other governments	37,220,729
Special assessment distributions to other governments	909,546
Other custodial fund disbursements	2,235
	<hr/>
Total deductions	63,128,651
	<hr/>
Net change in fiduciary net cash position	(762,625)
Net cash position beginning of year	<u>6,028,129</u>
Net cash position end of year	<u><u>\$ 5,265,504</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, 2023 (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, 2023.

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, 2023 (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 2023.

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 2023 was \$222,421. 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, 2023 (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 functions 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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

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.

Capital Projects Fund

This fund is to account for monies received to complete County construction projects and improvement projects.

The other governmental funds of the County account for grants and other resources 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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

During 2023, 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 2023. 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 2023, 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.

Investment procedures are restricted by provisions of the Ohio Revised Code. Investment receipts credited to the General Fund in 2023 amounted to \$1,731,439 which includes \$1,271,626 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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

K. Long-Term Obligations

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a lease/SBITA is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease/SBITA 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 \$28,726,757 in restricted net cash position, none is restricted by enabling legislation.

M. Fund Balance

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

Nonspendable - The nonspendable fund 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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

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/Other Postemployment Benefits (OPEB)

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

P. Leases

Accruals related to leases (as defined by GASB 87) are not reflected under the County's cash basis of accounting. Lease receipts/disbursements are recognized when they are received/paid.

Q. Subscription Based Information Technology Arrangements

Accruals related to Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the County's cash basis of accounting. SBITA disbursements are recognized when they are paid.

R. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$184,469 are reflected as miscellaneous revenue in the OneOhio special revenue fund in the accompanying financial statements.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the County has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the County.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the County.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 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, 2023
(SEE ACCOUNTANT’S COMPILATION REPORT)

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	\$ (1,329,244)	\$ (2,626,802)	\$ 79,773	\$ (273,484)	\$ (891,144)
Net adjustment for receipt	10,829	-	1,025,000	-	23,255
Net adjustment for disbursement	556,864	(8,655)	(99,627)	-	-
Net adjustment for other sources/uses	(556,864)	8,655	(925,374)	-	-
Funds budgeted elsewhere	177,775	-	-	-	-
Adjustment for encumbrances	<u>220,553</u>	<u>553,164</u>	<u>-</u>	<u>893,084</u>	<u>270,611</u>
Cash basis	<u>\$ (920,087)</u>	<u>\$ (2,073,638)</u>	<u>\$ 79,772</u>	<u>\$ 619,600</u>	<u>\$ (597,278)</u>

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;

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 5 – CASH DEPOSITS AND INVESTMENTS - (Continued)

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;
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,

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
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NOTE 5 – CASH DEPOSITS AND INVESTMENTS - (Continued)

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, 2023, the carrying amount of all County deposits was \$52,404,027 and the bank balance was \$53,496,971. Of the bank balance, \$34,176,892 was covered by the FDIC and \$19,320,079 was uninsured and collateralized.

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, 2023, 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	\$ 460,040	\$ 460,040

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 5 – CASH DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2023:

Cash and investments per note

Carrying amount of deposits	\$ 52,404,027
Investments	460,040
Cash on hand	<u>3,000</u>
Total	<u>\$ 52,867,067</u>

Cash and investments per statement of net position

Governmental activities	\$ 45,394,628
Business-type activities	2,206,935
Custodial funds	<u>5,265,504</u>
Total	<u>\$ 52,867,067</u>

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT’S COMPILATION REPORT)

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 2023, permissive sales tax receipts amounted to \$6,455,293 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 2023, permissive sales tax receipts amounted to \$1,290,138 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.

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. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 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, 2023 was \$7.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 863,761,100
Commercial/industrial/mineral	75,945,540
Public utility personal property	<u>65,025,480</u>
Total assessed value	<u>\$1,004,732,120</u>

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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.

Workers' Compensation benefits are provided through the Ohio Bureau of Workers' Compensation. In 2023, 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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 Liability

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 liability 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 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.

The 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.

GASB 68/75 assumes the liability 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 liability net OPEB liability 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, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

BROWN COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
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NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible 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 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is 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 20.00% 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 and will continue to be administered by OPERS), 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.

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BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
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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>Traditional</u>	<u>Combined</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2023 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2023 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	2.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

*** 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.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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 \$2,056,755 for 2023.

Net Pension Liabilities

The net pension liability for OPERS was measured as of December 31, 2022, 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.

BROWN COUNTY, OHIO

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

Following is information related to the proportionate share:

	<u>OPERS - Traditional</u>
Proportion of the net pension liability/asset prior measurement date	0.08403200%
Proportion of the net pension liability/asset current measurement date	<u>0.08376500%</u>
Change in proportionate share	<u>-0.00026700%</u>
Proportionate share of the net pension liability	\$ 24,744,218

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, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

BROWN COUNTY, OHIO

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% 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: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

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 2022, 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 loss of 12.1% for 2022.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00 %	

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, 2022 was 6.90%. 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 benefit 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.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability 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:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability:			
Traditional Pension Plan	\$ 37,066,013	\$ 24,744,218	\$ 14,494,696

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

BROWN COUNTY, OHIO

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

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, 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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
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NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the 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 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2023, OPERS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The County's proportion of the net OPEB liability 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:

	<u>OPERS</u>
Proportion of the net OPEB liability/asset prior measurement date	0.08110600%
Proportion of the net OPEB liability current measurement date	<u>0.08113000%</u>
Change in proportionate share	<u>0.00002400%</u>

Proportionate share of the net OPEB liability	\$ 511,540
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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, 2021, rolled forward to the measurement date of December 31, 2022.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
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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	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
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	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
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 2022, 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 loss of 15.6% for 2022.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	100.00 %	

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) 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 liability/(asset)	\$ 1,741,050	\$ 511,540	\$ (503,006)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability 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 liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability 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 health care; the trend starting in 2023 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 liability	\$ 479,478	\$ 511,540	\$ 547,628

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.

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

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 County's long-term debt at December 31, 2022 has been restated to account for an additional OPWC loan proceed receipt received by the County during 2022. The changes in the County's long-term obligations during the year consist of the following:

	Restated Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Amounts Due in One Year
<u>Governmental activities:</u>					
<i>General Obligation Bonds:</i>					
Jailhouse Construction Bonds	\$ 1,665,000	\$ -	\$ (320,000)	\$ 1,345,000	\$ 330,000
Emergency Communications Systems Limited Tax Bonds	<u>280,000</u>	<u>-</u>	<u>(65,000)</u>	<u>215,000</u>	<u>70,000</u>
Total General Obligation Bonds	<u>1,945,000</u>	<u>-</u>	<u>(385,000)</u>	<u>1,560,000</u>	<u>400,000</u>
<i>OPWC Loans (direct borrowings):</i>					
County Township Road Resurfacing	308,151	117,595	(21,287)	404,459	42,574
County/Washington Township Road Resurfacing	-	331,251	(16,563)	314,688	33,125
Brown County and Mt. Orab Paving	<u>597,391</u>	<u>-</u>	<u>(45,953)</u>	<u>551,438</u>	<u>45,953</u>
Total OPWC Loans (direct borrowings)	<u>905,542</u>	<u>448,846</u>	<u>(83,803)</u>	<u>1,270,585</u>	<u>121,652</u>
<i>Forgivable Debt</i>					
Mental Health Forgivable debt	<u>96,978</u>	<u>-</u>	<u>(8,750)</u>	<u>88,228</u>	<u>8,750</u>
Total governmental activities	<u>\$ 2,947,520</u>	<u>\$ 448,846</u>	<u>\$ (477,553)</u>	<u>\$ 2,918,813</u>	<u>\$ 530,402</u>

The County's total legal debt margin was \$103,936,892 with an unvoted debt margin of \$55,260,267.

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
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT’S COMPILATION REPORT)

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 loan was in the amount of \$425,746. The loan carries a 0% interest rate and matures January 2033.

In 2023, the County entered into agreement CO15Z with the Ohio Public Works Commission (OPWC) to finance the County Washington Township resurfacing project. The loan was in the amount of \$331,251. The loan carries a 0% interest rate and matures January 2033.

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:

<u>Year Ended</u>	<u>Energy Communication General Obligation Bonds</u>		<u>Jailhouse Improvement General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 215,000</u>	<u>\$ 30,450</u>	<u>\$ 1,345,000</u>	<u>\$ 59,413</u>

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
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NOTE 13 - LONG-TERM DEBT - (Continued)

Year Ending December 31,	Forgivable	<i>Direct</i>
	Debt	<i>Borrowings</i>
	Principal	OPWC Loans
2024	\$ 8,750	\$ 121,652
2025	8,750	121,652
2026	8,750	121,652
2027	8,750	121,652
2028	8,750	121,653
2029 - 2033	43,750	570,416
2034 - 2035	728	91,908
Totals	<u>\$ 88,228</u>	<u>\$ 1,270,585</u>

NOTE 14 - INTERFUND TRANSACTIONS

A. Transfers

Interfund cash transfers for the year ended December 31, 2023, were as follows:

Transfers To	Transfers From		
	General	Nonmajor Governmental	Total
Job and Family Services	\$ 146,596	\$ -	\$ 146,596
Capital Projects	4,500,000	-	4,500,000
Nonmajor governmental funds	13,884	114,725	128,609
Total	<u>\$ 4,660,480</u>	<u>\$ 114,725</u>	<u>\$ 4,775,205</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, 2023 as reported on the fund statement:

Advances In	Advances Out	Amount
Nonmajor governmental funds	General Fund	<u>\$ 64,401</u>

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

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 15 - 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
Nonspendable:					
Unclaimed funds	\$ 244,099	\$ -	\$ -	\$ -	\$ -
Total nonspendable	<u>244,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:					
Other purposes	-	-	-	-	-
ARPA	-	6,230,869	-	-	-
E-911 services	-	-	-	-	-
CSEA	-	-	-	-	-
Residential Facility/DD	-	-	-	-	-
Real estate assessment	-	-	-	-	-
Children services	-	-	-	-	-
Mental health	-	-	-	-	-
Auto and gas tax	-	-	-	3,003,414	-
Public assistance	-	-	148,997	-	-
Board of DD	-	-	-	-	3,389,599
Medicaid reserve	-	-	-	-	-
Treasurer DTAC	-	-	-	-	-
CDBG revolving loan	-	-	-	-	-
Debt service payments	-	-	-	-	-
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted	<u>-</u>	<u>6,230,869</u>	<u>148,997</u>	<u>3,003,414</u>	<u>3,389,599</u>
Committed:					
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:					
Legislative & executive	156,410	-	-	-	-
Judicial	8,850	-	-	-	-
Public safety	<u>55,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assigned	<u>220,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>11,947,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 12,411,970</u>	<u>\$ 6,230,869</u>	<u>\$ 148,997</u>	<u>\$ 3,003,414</u>	<u>\$ 3,389,599</u>

- (Continued)

BROWN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 15 - FUND BALANCE - (Continued)

Fund balance	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Unclaimed funds	\$ -	\$ -	\$ 244,099
Total nonspendable	<u>-</u>	<u>-</u>	<u>244,099</u>
Restricted:			
Other purposes	-	3,157,982	3,157,982
ARPA	-	-	6,230,869
E-911 services	-	1,399,354	1,399,354
CSEA	-	236,499	236,499
Residential Facility/DD	-	288,452	288,452
Real estate assessment	-	2,474,198	2,474,198
Children services	-	720,460	720,460
Mental health	-	1,493,695	1,493,695
Auto and gas tax	-	-	3,003,414
Public assistance	-	-	148,997
Board of DD	-	-	3,389,599
Medicaid reserve	-	2,533,528	2,533,528
Treasurer DTAC	-	436,878	436,878
CDBG revolving loan	-	397,250	397,250
Debt service payments	-	19	19
Capital improvements	<u>2,557,151</u>	<u>14,313</u>	<u>2,571,464</u>
Total restricted	<u>2,557,151</u>	<u>13,152,628</u>	<u>28,482,658</u>
Committed:			
Capital improvements	<u>4,500,000</u>	<u>-</u>	<u>4,500,000</u>
Assigned:			
Legislative & executive	-	-	156,410
Judicial	-	-	8,850
Public safety	<u>-</u>	<u>-</u>	<u>55,293</u>
Total assigned	<u>-</u>	<u>-</u>	<u>220,553</u>
Unassigned	<u>-</u>	<u>-</u>	<u>11,947,318</u>
Total fund balances	<u>\$ 7,057,151</u>	<u>\$ 13,152,628</u>	<u>\$ 45,394,628</u>

NOTE 16 - 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 ended in April 2023. During 2023, the County received COVID-19 funding. The County will continue to spend available COVID-19 funding consistent with the applicable program guidelines.