



OHIO AUDITOR OF STATE
KEITH FABER



**BROWN COUNTY
DECEMBER 31, 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	13
Statement of Activities – Cash Basis	14
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances–Governmental Funds–Cash Basis	16
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds – Cash Basis	17
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual (Budgetary Basis) - General Fund.....	18
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual (Budgetary Basis)–Developmental Disabilities Fund.....	19
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual (Budgetary Basis)–Job and Family Services Fund	20
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual (Budgetary Basis) – Auto and Gas Tax Fund.....	21
Statement of Cash Basis Assets and Net Position-Proprietary Funds–Cash Basis	22
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Position-Proprietary Funds-Cash Basis	23
Statement of Fiduciary Net Cash Position – Fiduciary Funds – Cash basis	24
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Position – Fiduciary Funds – Cash Basis	25
Notes to the Basic Financial Statements	26
Schedule of Expenditures of Federal Awards	53
Notes to the Schedule of Expenditures of Federal Awards.....	55
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57

**BROWN COUNTY
DECEMBER 31, 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	59
Schedule of Findings.....	63
Prepared by Management:	
Summary Schedule of Prior Audit Findings	69
Corrective Action Plan	71

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Brown County
800 Mount Orab Pike
Georgetown, Ohio 45121

To the County Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Brown County, Ohio (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Brown County, Ohio, as of December 31, 2019, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Developmental Disabilities, Job and Family Services, and Auto and Gas Tax Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2020

This page intentionally left blank.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The discussion and analysis of Brown County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2019, within the limitations of the County's cash basis of accounting. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Total net cash position of the County decreased \$874,440. The net cash position of governmental activities decreased \$809,455 or -3.2% from 2018 and the net cash position of business-type activities decreased \$64,985 or -7.8%.
- The County's major governmental funds include the General Fund, the Developmental Disabilities Fund, Job and Family Services Fund, and Auto and Gas Tax Fund. The 2019 General Fund cash receipts and other financing sources of \$12,565,922 exceeded cash disbursements and other financing uses of \$12,260,234 by \$305,688, which represents a 4.2% increase from 2018. The 2019 General Fund beginning cash balance was \$7,264,952, whereas the ending cash balance was \$7,570,640.
- The Developmental Disabilities Fund, a major fund, had receipts of \$1,999,463 and cash disbursements of \$1,625,095 in 2019. The Developmental Disabilities Fund cash balance increased \$374,368 in 2019.
- The Job and Family Services Fund, a major fund, had receipts and other financing sources of \$4,177,984 and cash disbursements and other financing uses of \$4,174,656 in 2019. The Job and Family Services Fund cash balance increased \$3,328 in 2019.
- The Auto and Gas Tax Fund, a major fund, had cash receipts of \$5,633,697 and cash disbursements of \$6,236,488 in 2019. The Auto and Gas Tax Fund cash balance decreased \$602,791 in 2019.

Using this Basic Financial Report

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

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

Report Components

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

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

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Basis of Accounting

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

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

Reporting the County as a Whole

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

The statement of net position-cash basis and the statement of activities-cash basis reflect how the County did financially during 2019, within the limitations of the cash basis of accounting. The statement of net position – cash basis presents the cash balances and investments of the governmental and business-type activities of the County at year end. The statement of activities-cash basis compares cash disbursements with program cash receipts for each governmental program and business-type activity. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program or activity. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

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

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

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

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

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis can be found on pages 13-15 of this report.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds: Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross cash receipts and cash disbursements on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities. See Note 2 to the basic financial statements. The governmental fund financial statements are reported on page 16-17 of this report.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets. The budgetary comparison statements are reported on pages 18-21 of this report.

Proprietary Funds: The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole. The proprietary fund financial statements are reported on pages 22-23 of this report.

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

Custodial funds are custodial in nature and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The fiduciary fund financial statements are reported on page 24-25 of this report.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
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. The notes to the basic financial statements are found on pages 26-52 of this report.

The County as a Whole

Recall that the Statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2019 as compared to 2018:

Table 1

Net Cash Position

	Governmental Activities		Business-Type Activities		2019	2018
	2019	2018	2019	2018	Total	Total
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 24,583,649	\$ 25,393,104	\$ 764,048	\$ 829,033	\$ 25,347,697	\$ 26,222,137
Total Assets	<u>24,583,649</u>	<u>25,393,104</u>	<u>764,048</u>	<u>829,033</u>	<u>25,347,697</u>	<u>26,222,137</u>
<u>Net Cash Position</u>						
Restricted	17,013,009	18,128,152	-	-	17,013,009	18,128,152
Unrestricted	<u>7,570,640</u>	<u>7,264,952</u>	<u>764,048</u>	<u>829,033</u>	<u>8,334,688</u>	<u>8,093,985</u>
Total net cash position	<u><u>\$ 24,583,649</u></u>	<u><u>\$ 25,393,104</u></u>	<u><u>\$ 764,048</u></u>	<u><u>\$ 829,033</u></u>	<u><u>\$ 25,347,697</u></u>	<u><u>\$ 26,222,137</u></u>

Total net cash position of the County decreased \$874,440. The net cash position of governmental activities decreased \$809,455 or -3.2% from 2018 and the net cash position of business-type activities decreased \$64,985 or -7.8%.

A portion of the County's net cash position of governmental activities, \$17,013,009, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net cash position of \$7,570,640 may be used to meet the government's ongoing obligations to citizens and creditors.

This space left intentionally blank.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The Table below shows the changes in net cash position for 2019 as compared to 2018.

Table 2
 Changes in Net Cash Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$5,575,192	\$4,469,209	\$1,097,437	\$673,884	\$6,672,629	\$5,143,093
Operating Grants and Contributions	12,965,196	13,097,684	12,500	25,000	12,977,696	13,122,684
Capital Grants and Contributions	640,443	243,074	-	-	640,443	243,074
Total Program Cash Receipts	19,180,831	17,809,967	1,109,937	698,884	20,290,768	18,508,851
<i>General Cash Receipts</i>						
Property Taxes	4,075,064	3,903,344	-	-	4,075,064	3,903,344
Sales Taxes	5,455,597	5,226,943	-	-	5,455,597	5,226,943
Grants and Entitlements Not Restricted to Specific Programs	1,460,679	3,110,134	-	-	1,460,679	3,110,134
Miscellaneous	285,398	324,982	73	223	285,471	325,205
Interest	631,748	496,800	-	-	631,748	496,800
Total General Cash Receipts	11,908,486	13,062,203	73	223	11,908,559	13,062,426
Total Cash Receipts	31,089,317	30,872,170	1,110,010	699,107	32,199,327	31,571,277
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	4,626,147	4,335,795	-	-	4,626,147	4,335,795
Judicial	3,776,782	3,737,105	-	-	3,776,782	3,737,105
Public Safety	4,784,126	4,653,063	-	-	4,784,126	4,653,063
Public Works	5,732,102	4,524,261	-	-	5,732,102	4,524,261
Health	3,183,194	3,227,981	-	-	3,183,194	3,227,981
Human Services	6,259,793	5,530,245	-	-	6,259,793	5,530,245
Community and Economic Development	258,189	285,890	-	-	258,189	285,890
Capital Outlay	2,819,216	2,159,658	-	-	2,819,216	2,159,658
<i>Debt Service:</i>						
Principal Retirement	358,750	1,019,269	-	-	358,750	1,019,269
Interest and Fiscal Charges	69,885	153,724	-	-	69,885	153,724
Solid Waste	-	-	1,148,842	899,881	1,148,842	899,881
Sewer and Water	-	-	56,741	44,873	56,741	44,873
Total Cash Disbursements	31,868,184	29,626,991	1,205,583	944,754	33,073,767	30,571,745
Transfers In/Out (Net)	(30,588)	(16,665)	30,588	16,665	-	-
Change in Net Cash Position	(809,455)	1,228,514	(64,985)	(228,982)	(874,440)	999,532
Net Position at Beginning of Year	25,393,104	24,164,590	829,033	1,058,015	26,222,137	25,222,605
Net Position at End of Year	\$24,583,649	\$25,393,104	\$764,048	\$829,033	\$25,347,697	26,222,137

Net position decreased \$809,455 in governmental activities in 2019. Program cash receipts were composed of charges for services, operating grants and contributions and capital grants and contributions which were \$5,575,192, \$12,965,196, and \$640,443, respectively. Charges for Services increased due to increased reimbursement to the engineer department and increases for services to the title department. Grants and Entitlements Not Restricted to Specific Programs decreased due to a decrease in amounts received in the Medicaid Local Sales Tax Transition Fund, which was funding to assist counties due to the elimination of the permissive sales tax from Medicaid and Medicare. Public works disbursements increased due to more highway and road projects completed in 2019. Human services increased due to increased funding for jobs and family and child support services. Property taxes and sales taxes made up 13.11 percent and 17.55 percent, respectively, of cash receipts for governmental activities for the County in 2019. Operating grants and contributions made up 41.70 percent of cash receipts for governmental activities for the County.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 38.30 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Brown County.

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

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

	2019		2018	
	Total Cost of Services	Net Cost of Service	Total Cost of Services	Net Cost of Service
Governmental Activities				
General Government				
Legislative and Executive	\$ 4,626,147	\$ 2,953,282	\$ 4,335,795	\$ 2,890,446
Judicial	3,776,782	2,100,288	3,737,105	2,233,354
Public Safety	4,784,126	2,620,689	4,653,063	2,644,134
Public Works	5,732,102	876,468	4,524,261	322,010
Health	3,183,194	449,149	3,252,981	160,580
Human Services	6,259,793	1,077,400	5,530,245	525,567
Community and Economic Development	258,189	35,922	285,890	13,198
Capital Outlay	2,819,216	2,178,773	2,159,658	1,916,584
Debt Service				
Principal Retirement	358,750	358,750	994,269	994,269
Interest and Fiscal Charges	69,885	36,634	153,724	116,882
Total Cash Disbursements - Governmental Activities	\$ 31,868,184	\$ 12,687,355	\$ 29,626,991	\$ 11,817,024
Business-Type Activities				
Solid Waste	\$ 1,148,842	\$ 64,842	\$ 899,881	\$ 227,781
Sewer and Water	56,741	30,804	44,873	18,089
Total Cash Disbursements - Business-Type Activities	\$ 1,205,583	\$ 95,646	\$ 944,754	\$ 245,870

Business-Type Activities

Business-type activities include solid waste management and water and sewer services. Overall net position decreased \$64,985 from 2018 to 2019. During 2019 program cash disbursements exceeded program cash receipts, which resulted in the above decrease.

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The County's Funds

Information about the County's major funds starts on page 16. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$32,480,401 and cash disbursements and other financing uses of \$33,289,856. The net change in fund balance for the year was most significant in the Auto and Gas Tax Fund. The fund balance in the General Fund increased \$305,688 primarily due to excess of receipts over disbursements. The Developmental Disabilities fund increased \$374,368 due primarily to an excess of receipts over disbursements. The fund balance of the Job and Family Services Fund increased \$3,328 primarily due to cash receipts exceeding cash disbursements. The fund balance of the Auto and Gas Tax Fund decreased \$602,791 primarily due to an increase in disbursements related to road projects.

General Fund Budgeting Highlights

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

For the General Fund, final budgeted receipts and other financing sources were \$10,947,182 while original budgeted receipts and other financing sources were \$10,872,901. Actual cash basis receipts and other financing sources were \$11,825,158 which represents an increase of \$877,976 over final budgeted receipts and other financing sources.

Total actual disbursements and other financing uses on the budget basis (cash plus encumbrances) were \$12,399,505, which was \$544,733 below final appropriated disbursements and other financing uses. The primary reason for this variance can be attributed to a decrease in various disbursements.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. Total capital outlay disbursements were \$2,819,216 in governmental activities and \$0 in business-type activities.

Debt

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2019, the County had \$3,178,228 in bonds and related long-term debt for governmental activities. For additional information on debt, please see Note 13 to the basic financial statements.

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

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2019	2018
General Obligation Bonds	\$3,055,000	\$3,405,000
Forgivable Debt	123,228	131,978
Totals	\$3,178,228	\$3,536,978

Brown County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
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 cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jill Hall, County Auditor of Brown County, 800 Mt. Orab Pike, Suite 181, Georgetown, Ohio 45121, or email at jhall@browncountyauditor.org.

Brown County
Statement of Net Position - Cash Basis
 December 31, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$24,583,649	\$764,048	\$25,347,697
<i>Total Assets</i>	<u>24,583,649</u>	<u>764,048</u>	<u>25,347,697</u>
NET POSITION:			
Restricted for Debt Service	20	-	20
Restricted for Capital Projects	568,069	-	568,069
Restricted for Public Assistance	240,003	-	240,003
Restricted for Mental Health	1,311,402	-	1,311,402
Restricted for DD	5,618,172	-	5,618,172
Restricted for Real Estate Assessment	2,376,635	-	2,376,635
Restricted for CSEA	312,702	-	312,702
Restricted for Childrens Services	611,106	-	611,106
Restricted for Auto and Gas Tax	483,634	-	483,634
Restricted for Residential Facility/DD	737,156	-	737,156
Restricted for Medicaid Reserve	1,033,528	-	1,033,528
Restricted for Treasurer DTAC	398,658	-	398,658
Restricted for CDBG Revolving Loan	196,425	-	196,425
Restricted for E-911 Services	474,219	-	474,219
Restricted for Other Purposes	2,651,280	-	2,651,280
Unrestricted	<u>7,570,640</u>	<u>764,048</u>	<u>8,334,688</u>
<i>Total Net Position</i>	<u>\$24,583,649</u>	<u>\$764,048</u>	<u>\$25,347,697</u>

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

Brown County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	\$4,626,147	\$1,209,847	\$463,018	\$0
Judicial	3,776,782	914,755	761,739	-
Public Safety	4,784,126	1,149,398	1,014,039	-
Public Works	5,732,102	845,721	4,009,913	-
Health	3,183,194	460,829	2,273,218	-
Human Services	6,259,793	951,809	4,230,584	-
Community and Economic Development	258,189	37,259	185,008	-
Capital Outlay	2,819,216	-	-	640,443
Debt Service:				
Principal Retirement	358,750	-	-	-
Interest and Fiscal Charges	69,885	5,574	27,677	-
<i>Total Governmental Activities</i>	<u>31,868,184</u>	<u>5,575,192</u>	<u>12,965,196</u>	<u>640,443</u>
Business-Type Activities:				
Solid Waste	1,148,842	1,071,500	12,500	-
Sewer and Water	56,741	25,937	-	-
<i>Total Business-Type Activities</i>	<u>1,205,583</u>	<u>1,097,437</u>	<u>12,500</u>	<u>-</u>
<i>Totals</i>	<u><u>\$33,073,767</u></u>	<u><u>\$6,672,629</u></u>	<u><u>\$12,977,696</u></u>	<u><u>\$640,443</u></u>

General Cash Receipts and Transfers

Property Taxes Levied for:

 General Purposes

 DD Purposes

Sales Taxes Levied for General Purposes

Sales Taxes Levied for 911 Services

Grants and Entitlements Not

 Restricted to Specific Programs

Miscellaneous

Interest

Transfers In (Out), Net

Total General Cash Receipts and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

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

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$2,953,282)	-	(\$2,953,282)
(2,100,288)	-	(2,100,288)
(2,620,689)	-	(2,620,689)
(876,468)	-	(876,468)
(449,147)	-	(449,147)
(1,077,400)	-	(1,077,400)
(35,922)	-	(35,922)
(2,178,773)	-	(2,178,773)
(358,750)	-	(358,750)
(36,634)	-	(36,634)
<u>(12,687,353)</u>	<u>-</u>	<u>(12,687,353)</u>
-	(64,842)	(64,842)
<u>-</u>	<u>(30,804)</u>	<u>(30,804)</u>
<u>-</u>	<u>(95,646)</u>	<u>(95,646)</u>
2,930,251	-	2,930,251
1,144,813	-	1,144,813
4,546,657	-	4,546,657
908,940	-	908,940
1,460,679	-	1,460,679
285,398	73	285,471
631,748	-	631,748
(30,588)	30,588	-
<u>11,877,898</u>	<u>30,661</u>	<u>11,908,559</u>
(809,455)	(64,985)	(874,440)
<u>25,393,104</u>	<u>829,033</u>	<u>26,222,137</u>
<u>\$24,583,649</u>	<u>\$764,048</u>	<u>\$25,347,697</u>

Brown County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds - Cash Basis
December 31, 2019

	General	Developmental Disabilities	Job and Family Services	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
ASSETS:						
Equity in Pooled Cash and Cash Equivalents	\$7,570,640	\$5,618,172	\$240,003	\$483,634	\$10,671,200	\$24,583,649
<i>Total Assets</i>	<u>7,570,640</u>	<u>5,618,172</u>	<u>240,003</u>	<u>483,634</u>	<u>10,671,200</u>	<u>24,583,649</u>
FUND BALANCES:						
Nonspendable	179,675	-	-	-	-	179,675
Restricted	-	5,618,172	240,003	483,634	10,671,200	17,013,009
Assigned	415,432	-	-	-	-	415,432
Unassigned	6,975,533	-	-	-	-	6,975,533
<i>Total Fund Balances</i>	<u>\$7,570,640</u>	<u>\$5,618,172</u>	<u>\$240,003</u>	<u>\$483,634</u>	<u>10,671,200</u>	<u>\$24,583,649</u>

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

Brown County
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds - Cash Basis
For the Year Ended December 31, 2019

	General	Developmental Disabilities	Job and Family Services	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:						
Property Taxes	\$ 2,930,251	\$ 1,144,813	\$ -	\$ -	\$ -	\$ 4,075,064
Sales Taxes	4,546,657	-	-	-	908,940	5,455,597
Charges for Services	2,693,894	-	278,211	423,551	1,419,784	4,815,440
Licenses and Permits	-	-	-	-	56,142	56,142
Fines and Forfeitures	270,259	-	-	29,800	403,551	703,610
Intergovernmental	1,308,109	853,981	3,803,530	5,151,512	3,949,186	15,066,318
Interest	607,787	-	-	23,961	-	631,748
Other	133,717	669	22,869	4,873	123,270	285,398
<i>Total Cash Receipts</i>	<u>12,490,674</u>	<u>1,999,463</u>	<u>4,104,610</u>	<u>5,633,697</u>	<u>6,860,873</u>	<u>31,089,317</u>
CASH DISBURSEMENTS:						
Current:						
General Government:						
Legislative and Executive	3,979,982	-	-	-	646,165	4,626,147
Judicial	2,713,735	-	-	-	1,063,047	3,776,782
Public Safety	3,368,981	-	-	-	1,415,145	4,784,126
Public Works	136,057	-	-	5,596,045	-	5,732,102
Health	10,799	1,625,095	-	-	1,547,300	3,183,194
Human Services	355,790	-	4,132,402	-	1,771,601	6,259,793
Community and Economic Development	-	-	-	-	258,189	258,189
Capital Outlay	-	-	-	640,443	2,178,773	2,819,216
Debt Service:						
Principal Retirement	300,000	-	-	-	58,750	358,750
Interest and Fiscal Charges	51,515	-	-	-	18,370	69,885
<i>Total Cash Disbursements</i>	<u>10,916,859</u>	<u>1,625,095</u>	<u>4,132,402</u>	<u>6,236,488</u>	<u>8,957,340</u>	<u>31,868,184</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>1,573,815</u>	<u>374,368</u>	<u>(27,792)</u>	<u>(602,791)</u>	<u>(2,096,467)</u>	<u>(778,867)</u>
OTHER FINANCING SOURCES (USES):						
Transfers In	75,248	-	73,374	-	1,242,462	1,391,084
Transfers Out	(1,343,375)	-	(42,254)	-	(36,043)	(1,421,672)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,268,127)</u>	<u>-</u>	<u>31,120</u>	<u>-</u>	<u>1,206,419</u>	<u>(30,588)</u>
<i>Net Change in Fund Cash Balances</i>	305,688	374,368	3,328	(602,791)	(890,048)	(809,455)
<i>Fund Cash Balance at Beginning of Year</i>	<u>7,264,952</u>	<u>5,243,804</u>	<u>236,675</u>	<u>1,086,425</u>	<u>11,561,248</u>	<u>25,393,104</u>
<i>Fund Cash Balance at End of Year</i>	<u>\$7,570,640</u>	<u>\$5,618,172</u>	<u>\$240,003</u>	<u>\$483,634</u>	<u>\$10,671,200</u>	<u>\$24,583,649</u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2019*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Property Taxes	\$2,691,042	\$2,709,702	\$2,930,251	\$220,549
Sales Taxes	4,175,494	4,204,446	4,546,657	342,211
Charges for Services	1,730,637	1,742,637	1,884,475	141,838
Fines and Forfeitures	248,197	249,918	270,259	20,341
Intergovernmental	1,201,322	1,209,652	1,308,109	98,457
Interest	558,171	562,041	607,787	45,746
Other	107,790	108,538	117,372	8,834
<i>Total Receipts</i>	<u>10,712,653</u>	<u>10,786,934</u>	<u>11,664,910</u>	<u>877,976</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	4,056,518	4,402,272	4,208,472	193,800
Judicial	2,624,275	2,638,775	2,450,334	188,441
Public Safety	3,381,216	3,495,666	3,426,907	68,759
Public Works	136,678	136,678	136,057	621
Health	20,021	20,021	10,725	9,296
Human Services	418,027	418,902	406,802	12,100
Debt Service:				
Principal Retirement	300,000	300,000	300,000	-
Interest and Fiscal Charges	50,838	51,515	51,515	-
<i>Total Disbursements</i>	<u>10,987,573</u>	<u>11,463,829</u>	<u>10,990,812</u>	<u>473,017</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(274,920)</u>	<u>(676,895)</u>	<u>674,098</u>	<u>1,350,993</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	160,248	160,248	160,248	-
Transfers Out	(69,000)	(1,480,409)	(1,408,693)	71,716
<i>Total Other Financing Sources (Uses)</i>	<u>91,248</u>	<u>(1,320,161)</u>	<u>(1,248,445)</u>	<u>71,716</u>
<i>Excess of Receipts and Other Financing Sources Over (under) Disbursements and Other Financing Uses</i>	<u>(183,672)</u>	<u>(1,997,056)</u>	<u>(574,347)</u>	<u>1,422,709</u>
<i>Fund Balance at Beginning of Year</i>	3,390,074	3,390,074	3,390,074	-
<i>Prior Year Encumbrances Appropriated</i>	<u>209,544</u>	<u>209,544</u>	<u>209,544</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,415,946</u></u>	<u><u>\$1,602,562</u></u>	<u><u>\$3,025,271</u></u>	<u><u>\$1,422,709</u></u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2019*

	Developmental Disabilities Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$1,255,378	\$1,380,633	\$1,144,813	(\$235,820)
Intergovernmental	936,458	1,029,893	853,981	(175,912)
Other	734	807	669	(138)
<i>Total Receipts</i>	<u>2,192,570</u>	<u>2,411,333</u>	<u>1,999,463</u>	<u>(411,870)</u>
DISBURSEMENTS:				
Current:				
Health	<u>2,406,417</u>	<u>2,433,917</u>	<u>2,010,195</u>	<u>423,722</u>
<i>Total Disbursements</i>	<u>2,406,417</u>	<u>2,433,917</u>	<u>2,010,195</u>	<u>423,722</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(213,847)</u>	<u>(22,584)</u>	<u>(10,732)</u>	<u>11,852</u>
<i>Fund Balance at Beginning of Year</i>	4,963,492	4,963,492	4,963,492	-
<i>Prior Year Encumbrances Appropriated</i>	<u>280,312</u>	<u>280,312</u>	<u>280,312</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$5,029,957</u></u>	<u><u>\$5,221,220</u></u>	<u><u>\$5,233,072</u></u>	<u><u>\$11,852</u></u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2019*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Intergovernmental	\$3,545,188	\$3,545,188	\$3,803,530	\$258,342
Charges for Services	264,681	264,681	278,211	13,530
Other	21,757	21,757	22,869	1,112
<i>Total Receipts</i>	<u>3,831,626</u>	<u>3,831,626</u>	<u>4,104,610</u>	<u>272,984</u>
DISBURSEMENTS:				
Current:				
Human Services	3,957,797	4,357,572	4,200,952	156,620
<i>Total Disbursements</i>	<u>3,957,797</u>	<u>4,357,572</u>	<u>4,200,952</u>	<u>156,620</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(126,171)</u>	<u>(525,946)</u>	<u>(96,342)</u>	<u>429,604</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	73,374	73,374	73,374	-
Transfers Out	(42,254)	(42,254)	(42,254)	-
<i>Total Other Financing Sources(Uses)</i>	<u>31,120</u>	<u>31,120</u>	<u>31,120</u>	<u>-</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(95,051)</u>	<u>(494,826)</u>	<u>(65,222)</u>	<u>429,604</u>
<i>Fund Balance at Beginning of Year</i>	141,624	141,624	141,624	-
<i>Prior Year Encumbrances Appropriated</i>	<u>95,051</u>	<u>95,051</u>	<u>95,051</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$141,624</u></u>	<u><u>(\$258,151)</u></u>	<u><u>\$171,453</u></u>	<u><u>\$429,604</u></u>

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

Brown County
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2019*

	Auto and Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$371,581	\$422,555	\$423,551	\$996
Fines and Forfeitures	26,144	29,730	29,800	70
Intergovernmental	4,519,422	5,139,392	5,151,512	12,120
Interest	21,021	23,905	23,961	56
Other	4,275	4,862	4,873	11
<i>Total Receipts</i>	<u>4,942,443</u>	<u>5,620,444</u>	<u>5,633,697</u>	<u>13,253</u>
DISBURSEMENTS:				
Current:				
Public Works	4,608,335	6,105,835	5,728,491	377,344
Capital Outlay	640,443	640,443	640,443	-
<i>Total Disbursements</i>	<u>5,248,778</u>	<u>6,746,278</u>	<u>6,368,934</u>	<u>377,344</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(306,335)</u>	<u>(1,125,834)</u>	<u>(735,237)</u>	<u>390,597</u>
<i>Fund Balance at Beginning of Year</i>	778,090	778,090	778,090	-
<i>Prior Year Encumbrances Appropriated</i>	<u>308,335</u>	<u>308,335</u>	<u>308,335</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$780,090</u></u>	<u><u>(\$39,409)</u></u>	<u><u>\$351,188</u></u>	<u><u>\$390,597</u></u>

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

Brown County
Statement of Cash Basis Assets and Net Position
Proprietary Funds - Cash Basis
December 31, 2019

	Solid Waste	Other Enterprise	Total Enterprise Funds
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$758,361	\$5,687	\$764,048
NET POSITION:			
Unrestricted	\$758,361	\$5,687	\$764,048

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

Brown County
*Statement of Cash Receipts, Cash Disbursements and
Changes in Net Cash Position
Proprietary Funds - Cash Basis
For the Year Ended December 31, 2019*

	<u>Solid Waste</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
OPERATING CASH RECEIPTS:			
Charges for Services	\$1,071,500	\$25,937	\$1,097,437
Other	-	73	73
<i>Total Operating Cash Receipts</i>	<u>1,071,500</u>	<u>26,010</u>	<u>1,097,510</u>
OPERATING CASH DISBURSEMENTS:			
Salaries and Wages	-	33,388	33,388
Fringe Benefits	-	5,329	5,329
Contractual Services	1,148,842	18,024	1,166,866
<i>Total Operating Cash Disbursements</i>	<u>1,148,842</u>	<u>56,741</u>	<u>1,205,583</u>
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	<u>(77,342)</u>	<u>(30,731)</u>	<u>(108,073)</u>
NONOPERATING CASH RECEIPTS:			
Intergovernmental Receipts	12,500	-	12,500
Transfers In	-	30,588	30,588
<i>Total Nonoperating Cash Receipts</i>	<u>12,500</u>	<u>30,588</u>	<u>43,088</u>
<i>Changes in Net Cash Position</i>	(64,842)	(143)	(64,985)
<i>Net Cash Position at Beginning of Year</i>	<u>823,203</u>	<u>5,830</u>	<u>829,033</u>
<i>Net Cash Position at End of Year</i>	<u><u>\$758,361</u></u>	<u><u>\$5,687</u></u>	<u><u>\$764,048</u></u>

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

Brown County
Statement of Fiduciary Net Cash Position
Fiduciary Funds - Cash Basis
December 31, 2019

	<u>Custodial</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 3,985,754
Cash and Cash Equivalents in Segregated Accounts	<u>512,996</u>
<i>Total Assets</i>	<u>4,498,750</u>
NET POSITION:	
Individuals, Organizations and Other Governments	<u>4,498,750</u>
<i>Total Net Position</i>	<u><u>\$4,498,750</u></u>

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

Brown County
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Net Cash Position
 Fiduciary Funds - Cash Basis
 December 31, 2019*

	Custodial
ADDITIONS:	
Intergovernmental	\$ 5,133,079
Amounts Received as Fiscal Agent	1,723,065
Licenses, Permits and Fees for Other Governments	16,842,324
Fines and Forfeitures for Other Governments	2,949,022
Amounts Held for Employees	1,194,467
Property Tax Collections for Other Governments	56,026,814
<i>Total Additions</i>	<i>83,868,771</i>
DEDUCTIONS:	
Distributions to the State of Ohio	19,520,396
Distributions of State Funds to Other Governments	5,256,263
Property Tax Distributions to Other Governments	56,267,174
Distributions on Behalf of Employees	1,190,334
Distributions as Fiscal Agent	1,528,928
<i>Total Deductions</i>	<i>83,763,095</i>
<i>Changes in Net Cash Position</i>	<i>105,676</i>
<i>Net Cash Position at Beginning of Year</i>	<i>4,393,074</i>
<i>Net Cash Position at End of Year</i>	<i>\$ 4,498,750</i>

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

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION

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

Reporting Entity

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

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of separate agencies, boards and commissions listed below the County serves as fiscal agent, but 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, 2019.

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.

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 2019.

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 2019 was \$175,437. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

B. Fund Accounting

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

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

General Fund

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Developmental Disabilities Fund

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

Job and Family Services Fund

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

Auto and Gas Tax Fund

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

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

Proprietary Funds: The 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 Water and Sewer Fund, which is used to account for water and sewer activities in the County.

Fiduciary Funds: Fiduciary fund reporting focuses on cash basis assets and 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 fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Presentation

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

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

D. Budgetary Process

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

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

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

During 2019, 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.

The County has invested funds in STAR Ohio during 2019. 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 2019, 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 is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund and Auto and Gas Tax Fund during 2019 were \$607,787 and \$23,961 respectively.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Net Position

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

Of the County's \$17,013,009 in restricted net position, none is restricted by enabling legislation.

M. Fund Balance

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (continued)

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

N. Interfund Transactions

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

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

O. Pensions and Other Post Employment Benefits (OPEB)

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

NOTE 3 – NEW ACCOUNTING PRINCIPLES

For fiscal year 2019, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities* and Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Replacements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the County.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and all agency funds will be reported in the new fiduciary fund classification of custodial funds. These changes were incorporated in the County's 2019 financial statements.

Due to the implementation of GASB 84, the new classification of custodial funds is reporting a beginning net position of \$4,393,074. Also related to the implementation of GASB 84, the County will no longer be reporting agency funds.

GASB Statement No. 88 establishes criteria to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the County.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 ending fund balances and the budgetary basis fund balances for the General Fund and the major special revenue funds is as follows:

	General	Developmental Disabilities	Job and Family Services	Auto and Gas
Cash Basis Fund Balance	\$7,570,640	\$5,618,172	\$240,003	\$483,634
Encumbrances	(412,878)	(385,100)	(68,550)	(132,446)
Perspective Difference: Activity of Funds Reclassified for Reporting Purposes	(4,132,491)	0	0	0
Budget Basis (Net Change in Pooled Cash)	<u>\$3,025,271</u>	<u>\$5,233,072</u>	<u>\$171,453</u>	<u>\$351,188</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;
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 subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

NOTE 5 – CASH DEPOSITS AND INVESTMENTS (Continued)

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,
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.

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.

NOTE 5 – CASH DEPOSITS AND INVESTMENTS (Continued)

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 year end, \$20,838,866 of the County’s bank balance of \$29,958,157 was exposed to custodial credit risk because those deposits were 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, 2019, the County had the following investments:

Investment Type	Measurement Value	Investment Matures in Less than 1 Year
STAR Ohio	\$425,935	\$425,935
Total Investments	\$425,935	\$425,935

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.

NOTE 5 – CASH DEPOSITS AND INVESTMENTS (Continued)

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.

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. The Brown County Commissioners implemented an additional .25% in 2012 which was effective beginning 2014 for a period of 5 years. For 2019, permissive sales tax receipts amounted to \$4,546,657 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 2019, permissive sales tax receipts amounted to \$908,940 in the 9-1-1 Emergency Fund (a nonmajor governmental 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 preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 – PROPERTY TAX (Continued)

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, 2019 was \$7.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$742,135,420
Commercial/Industrial	<u>72,946,360</u>
Total Real Property	815,081,780
<u>Public Utility</u>	
Real	229,670
Personal	<u>48,574,610</u>
Total Assessed Value	<u><u>\$863,886,060</u></u>

NOTE 8 – RISK MANAGEMENT

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

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to 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 \$500,000 for each accident. There are several additional sublimits which have various coverage amounts for each accident. Settled claims have not exceeded this commercial coverage in any of the last three years.

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 2019, 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.

NOTE 8 – RISK MANAGEMENT (Continued)

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/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 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 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.

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 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 healthcare to eligible benefit recipients.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability/Net OPEB Liability (continued)

The net pension/OPEB liabilities are disclosed as a commitment and not reported on the face of the financial statements as a liability 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 administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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
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	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	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
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
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	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	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

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. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2019 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- * 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution to OPERS was \$1,692,201 for fiscal year 2019.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>
Proportion of the Net Pension Liability Current Measurement Date	0.07944600%
Proportion of the Net Pension Liability Prior Measurement Date	0.07740600%
Change in Proportionate Share	<u>0.00204000%</u>
Proportionate Share of the Net Pension Liability	\$21,758,649

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below for the OPERS Traditional Plan.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, 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 2.94% for 2018.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan and the Combined Plan. 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 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 County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
County's proportionate share of the net pension liability	\$32,143,852	\$21,758,649	\$13,128,452

NOTE 10 - POSTEMPLOYMENT BENEFITS

Plan Description - Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This 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 refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring 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 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 is 0 percent for both plans. 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 2019 was 4.0 percent.

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

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

Plan Description - Ohio Public Employees Retirement System (continued)

The County's contractually required contribution was \$0 for 2019.

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. for the defined benefit health care plans. In accordance with GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Member-Directed Plan health care is a defined benefit health care plan, although the pension plan is defined contribution. Interest of 4% is credited to member accounts as long as the Health Care portfolio earns a positive return. 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:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.076878%
Prior Measurement Date	0.075000%
Change in Proportionate Share	0.0018780%
Proportionate Share of the Net OPEB Liability	\$10,023,076

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 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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – OPERS (continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, 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 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – OPERS (continued)

Discount Rate A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease █ (2.96%)	Current Discount Rate █ (3.96%)	1% Increase █ (4.96%)
County's proportionate share of the net OPEB liability	\$12,823,250	\$10,023,076	\$7,796,198

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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. 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 that in the not-too-distant future, the health plan 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 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$9,634,351	\$10,023,076	\$10,470,784

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 11 – OTHER EMPLOYEE BENEFITS

Insurance Benefits

The County provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance. The County has elected to provide employee medical/surgical benefits through County Employee Benefit Consortium of Ohio (CEBCO). The premium varies with employee depending on the department and terms of the union contract. The County does not share in the cost of premiums for dental or vision insurance.

NOTE 12 – CONTINGENT LIABILITIES

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

NOTE 13 – LONG-TERM DEBT

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

	Principal Outstanding 12/31/2018	Additions	Reductions	Principal Outstanding 12/31/2019	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
Jailhouse Construction General Obligation Bonds	\$ 2,905,000	\$ -	\$ 300,000	\$ 2,605,000	\$ 310,000
Emergency Communications Systems Limited Tax Bonds	500,000	-	50,000	450,000	55,000
Total General Obligations Bonds	<u>3,405,000</u>	-	350,000	3,055,000	365,000
Other Long-Term Obligations:					
Forgivable Debt (Mental Health)	131,978	-	8,750	123,228	8,750
Total Other Long-Term Obligations	<u>131,978</u>	-	8,750	123,228	8,750
Total General and Other Long- Term Obligations	<u>\$ 3,536,978</u>	<u>\$ -</u>	<u>\$ 358,750</u>	<u>\$ 3,178,228</u>	<u>\$ 373,750</u>

The County's total legal debt margin was \$16,918,944 with an unvoted debt margin of \$5,460,653.

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.

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – LONG-TERM DEBT (Continued)

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.

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

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

Years Ended December 31,	Emergency Communication General Obligation		Jailhouse Improvement General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$55,000	\$30,400	\$310,000	\$45,588
2021	55,000	27,100	310,000	40,154
2022	60,000	23,800	320,000	34,738
2023	65,000	19,600	320,000	29,138
2024	70,000	15,050	330,000	23,538
2025-2027	145,000	15,400	1,015,000	35,877
Total	<u>\$450,000</u>	<u>\$131,350</u>	<u>\$2,605,000</u>	<u>\$209,033</u>

Years Ended December 31,	Forgivable Debt
	Principal
2020	8,750
2021	8,750
2022	8,750
2023	8,750
2024	8,750
2025-2029	43,750
2030-2034	35,728
Total	<u>\$123,228</u>

NOTE 14 – INTERFUND TRANSFERS

Interfund cash transfers for the year ended December 31, 2019, were as follows:

	Transfers In	Transfers Out
General Fund	\$75,248	(\$1,343,375)
Job and Family Services Fund	73,374	(42,254)
Other Governmental Funds	1,242,462	(36,043)
Other Enterprise Funds	30,588	-
Total	<u>\$1,421,672</u>	<u>(\$1,421,672)</u>

Brown County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 14 – INTERFUND TRANSFERS (Continued)

The General Fund transfers monies to the Job & Family Services Fund and other governmental funds to assist in meeting operational needs or debt service requirements. The transfers from the General Fund to the other governmental and enterprise funds represent transfers for operational needs or debt service requirements which are within legal compliance guidelines. The transfers from other governmental funds reflect transfers of money to purchase the new budgeting and payroll system.

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 Balances	General	Developmental Disabilities	Job and Family Services	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
Nonspendable						
Unclaimed Monies	\$ 179,675	\$ -	\$ -	\$ -	\$ -	\$ 179,675
Restricted for						
Other Purposes	-	-	-	-	2,651,280	2,651,280
E-911 Services	-	-	-	-	474,219	474,219
CSEA	-	-	-	-	312,702	312,702
Residential Facility/DD	-	-	-	-	737,156	737,156
Real Estate Assessment	-	-	-	-	2,376,635	2,376,635
Childen Services	-	-	-	-	611,106	611,106
Mental Health	-	-	-	-	1,311,402	1,311,402
Auto and Gas Tax	-	-	-	483,634	-	483,634
Public Assistance	-	-	240,003	-	-	240,003
Board of DD	-	5,618,172	-	-	-	5,618,172
Medicaid Reserve	-	-	-	-	1,033,528	1,033,528
Treasurer DTAC	-	-	-	-	398,658	398,658
CDBG Revolving Loan	-	-	-	-	196,425	196,425
Debt Service Payments	-	-	-	-	20	20
Capital Improvements	-	-	-	-	568,069	568,069
Total Restricted	<u>-</u>	<u>5,618,172</u>	<u>240,003</u>	<u>483,634</u>	<u>10,671,200</u>	<u>17,013,009</u>
Assigned to						
Other Purposes	415,432	-	-	-	-	415,432
Total Assigned	<u>415,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,432</u>
Unassigned						
	6,975,533	-	-	-	-	6,975,533
Total Fund Balances	<u>\$ 7,570,640</u>	<u>\$ 5,618,172</u>	<u>\$ 240,003</u>	<u>\$ 483,634</u>	<u>\$ 10,671,200</u>	<u>\$ 24,583,649</u>

NOTE 16 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, deferred inflows and outflows 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.

NOTE 17 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The investments of the pension and other employee benefit plan in which the County participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Brown County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G2021-11-5902	-	394,137
Total U.S. Department of Agriculture			-	394,137
<u>U.S. DEPARTMENT OF TREASURY</u>				
<i>Direct Assistance</i>				
Emergency Watershed Protection Program	10.923	N	-	-
<i>Direct Assistance</i>				
Equitable Sharing Program	21.016	N	-	1,005
Total U.S. Department of Treasury			-	1,005
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed through the Ohio Department of Development:</i>				
<i>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</i>				
Formula Allocation Program	14.228	B-C-18-1AH-1	-	88,975
Formula Allocation Program	14.228	B-C-28-1AH-2	-	148,758
Formula Allocation Program	14.228	B-C-16-1AH-1	-	72
Formula Allocation Program	14.228	B-F-17-1AH-1	-	44,337
Formula Allocation Program	14.228	B-E-15-1AH-1	-	151
Total Formula Allocation Program			-	282,293
Total U.S. Department of Housing and Urban Development			-	282,293
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through the Ohio Attorney General:</i>				
Victims of Crime Act	16.575	2018VOCA132921375	-	64,636
<i>Passed through the Ohio Department of Public Safety:</i>				
Edward Byrne Memorial Justice Grant Program	16.738	2019-JG-A01-6035	-	54,968
Total U.S. Department of Justice			-	119,604
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed through the Ohio Department of Public Safety:</i>				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	N/A	-	5,015
National Priority Safety Program	20.616	N/A	-	1,942
Total Highway Safety Cluster			-	6,957
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A	-	4,679
Total U.S. Department of Transportation			-	11,636
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through the Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01	-	33,509
Total U.S. Department of Homeland Security			-	33,509
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>				
<i>Passed through the Ohio Board of Elections:</i>				
HAVA Election Security Grant	90.404	N/A	-	50,000
Total U.S. Election Commission			-	50,000

(Continued)

Brown County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019
(Continued)

FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Families	93.556	G2021-11-5902	\$ -	\$ 51,387
Child Support Enforcement	93.563	G-1819-11-5716	-	511,811
Child Welfare Services State Grants - Title IV-B	93.645	G2021-11-5902	-	49,021
Foster Care - Title IV-E	93.658	G2021-11-5902	-	32,191
Adoption Assistance	93.659	G2021-11-5902	-	79,642
Children's Health Insurance Program	93.767	G2021-11-5902	-	35,001
Child Care Development Fund Cluster:				
Child Care and Development Block Grant	93.575	G2021-11-5902	-	58,709
Total Child Care Development Fund Cluster			-	58,709
Temporary Assistance for Needy Families (TANF) Cluster				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G2021-11-5902	-	1,082,918
Total TANF Cluster			-	1,082,918
Social Services Block Grant:				
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant - Title XX	93.667	N/A	-	30,848
<i>Passed through the Ohio Department of Mental Health:</i>				
Social Services Block Grant - Title XX	93.667	N/A	39,358	39,358
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Social Services Block Grant - Title XX	93.667	G-2021-11-5902	-	664,017
Total Social Services Block Grant			39,358	734,223
<i>Passed through the Ohio Department of Mental Health:</i>				
Block Grants for Community Mental Health Services	93.958	N/A	55,581	55,581
State Targeted Response to the Opioid Crisis	93.788	N/A	75,666	75,666
21st Century Cures Act	93.788	N/A	120,000	120,000
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services:</i>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	114,938	114,938
Medicaid Cluster:				
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Medical Assistance Program - MAC/RMTS	93.778	N/A	-	84,332
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Medicaid Assistance Program	93.778	G-1819-11-5715	-	489,786
Total Medicaid Cluster			-	574,118
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Children's Health Insurance Program	93.767	N/A	-	1,696
Total U.S. Department of Health and Human Services			405,543	3,576,902
Total Federal Expenditures			\$ 405,543	\$ 4,469,086

N/A - pass through entity number not available

N- direct award

The accompanying notes are an integral part of this schedule.

Brown County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Brown County (the County's) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – SUBRECIPIENTS

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

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D – MATCHING REQUIREMENTS

Certain federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE E – TRANSFERS BETWEEN FEDERAL PROGRAMS

During 2019, the County made allowable transfers of \$409,019 from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The amount reported for the Temporary Assistance for Needy Families program on the Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for these programs. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during 2019 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,491,937
Social Services Block Grant	<u>(409,019)</u>
Total Temporary Assistance for Needy Families	<u>\$1,082,918</u>

Brown County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

NOTE F – BOARD OF DEVELOPMENTAL DISABILITIES

During the calendar year, the County Board of Developmental Disabilities received notice of a liability for the 2015 and 2016 Cost Reports MAC settlements owed to the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$1,325 and \$1,398, respectively. The Cost Report MAC settlement liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This liability is not listed on the County's Schedule of Federal Awards Expenditures since the underlying expenses occurred in the prior reporting period and the liability was invoiced by the Ohio Department of Development Disabilities.

NOTE G – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Brown County
800 Mt. Orab Pike
Georgetown, Ohio 45121

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brown County, (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 9, 2020, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-002 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and corrective action plan. We did not subject the County's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2020

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Brown County
800 Mt. Orab Pike
Georgetown, Ohio 45121

To the County Board of Commissioners:

Report on Compliance for each Major Federal Program

We have audited Brown County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Brown County's major federal programs for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each Major Federal Program

In our opinion, Brown County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2019-003. Our opinion on the major federal programs is not modified with respect to this matter.

The County's response to our noncompliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2019-003.

The County's response to our internal control over compliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2020

This page intentionally left blank.

BROWN COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA 93.558 - TANF CFDA 93.667 - Social Services Block Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2019-001

Noncompliance – Financial Reporting in Accordance with GAAP

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

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

**FINDING NUMBER 2019-001
(Continued)**

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

The County fully agrees that we should change over from cash basis accounting however the County does not currently have the funds necessary to make the change.

FINDING NUMBER 2019-002

Significant Deficiency – Budgetary Posting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Commissioners to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the County and the appropriation ledger provides the process by which the County controls spending, it is therefore necessary the amounts appropriated by the Commissioners are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the County and the receipts ledger provides the process by which the County controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The County did not properly post budgetary appropriations (and amendments thereof) in the accounting system. Additionally, the Certificate of Estimated Resources (and amendments thereof) were not properly posted to the accounting system.

**FINDING NUMBER 2019-002
 (Continued)**

Fund	Per Final Amended Certificate	Amount Posted to the System:	Variance
1000 General	\$10,947,182	\$10,933,101	(\$14,081)
2700 Developmental Disabilities	\$2,411,333	\$2,192,570	(\$218,763)
2521 Auto and Gas Tax	\$4,980,000	\$4,302,000	(\$678,000)

Fund	Final Appropriations	Amount Posted to the System:	Variance
1000 General	\$12,713,754	\$12,753,424	\$39,670
2700 Developmental Disabilities	\$2,126,105	\$2,198,605	\$72,500
2550 Job and Family Services	\$4,297,029	\$4,347,029	\$50,000
2521 Auto & Gas Tax	\$5,797,500	\$6,157,500	\$360,000

The final budget disbursements presented in the Budget and Actual financial statements were also misstated as a result of the County using the incorrect amounts from the accounting system. The financial statements for the General, Development Disabilities, and Job and Family Services were not corrected by the County for the above differences. The financial statement for the Auto and Gas Tax Fund was corrected by the County.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the County should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Commissioners. The County should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

The County Auditor has been actively reviewing all receipts in the funds and is continually requesting that offices submit for an amended certificate for increase in revenues. We are continually trying to educate all offices on proper procedures in accounting for their funds.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

TANF-PCR Eligibility

Finding Number:	2019-003
CFDA Number and Title:	CFDA # 93.558 TANF
Federal Award Identification Number / Year:	G2021-11-5902
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Eligibility
Pass-Through Entity:	Ohio Department of Job & Family Services
Repeat Finding from Prior Audit?	No

Noncompliance/Material Weakness

45 CFR § 206.10(a) includes the application, determination of eligibility, and furnishing of assistance State plan requirements.

**FINDING NUMBER 2019-003
(Continued)**

Ohio. Rev. Code § 5108.04 states each county department of job and family services shall adopt a written statement of policies governing the prevention, retention, and contingency program for the county.

The Notice of Approval/Denial section of the Prevention, Retention and Contingency (PRC) plan approved by the Brown County Department of Job and Family Services (BCDJFS) states if it is determined that an application for PRC benefits is approved, the ODJFS 4074, "Notice of Approval of Your Application for Assistance" shall be provided or mailed to the customer. If it is determined that an application for PRC benefits is denied, the ODJFS 7334, "Notice of Denial of Your Application for Assistance" shall be provided or mailed to the customer along with ODJFS 04059 Explanation of State Hearing Procedures.

The BCDJFS did not provide support to substantiate that Notice of Approval/Denial forms were provided or mailed to the customer for four of 60 (6%) applications reviewed.

Failure of the BCJFS to properly maintain documentation of Notice of Approval/Denial forms being provided or mailed to the customer could lead to noncompliance with the PRC plan

We recommend the BCDJFS maintain proper documentation to show Notice of Approval/Denial forms were provided or mailed to the customer.

Officials' Response:

We are trying to have the JFS Dept be more cautious about documentation. They have updated many of their procedures and we will continue to monitor.

4. OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2019-004

Noncompliance/Finding for Recovery - Brown County Veterans Service Commission – Repaid Under Audit

The **Brown County Veterans Service Commission's Personnel Policies and Procedures Manual Subsection Employee Development and Education** states, in part, that they will provide training through various seminars and schools that may be held outside of the county. Whenever this occurs, employees will be required to attend training or schools that would be necessary for the continuation of good performance of their position and to maintain accreditation of their assigned position. Employees who attend such programs, where the program begins before or after an employee's normal working time, travel time to and from such training is considered time worked. Expenses incurred for such training will be paid by the Commission.

Further, **State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005** Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Commission did not have a policy that specifically addressed out of state travel or the use of credit cards for travel or other purposes, as it relates to the time period for the issues noted below.

**FINDING NUMBER 2019-004
 (Continued)**

The Brown County Veteran Services Commission former Director, Ralph Fox, and current Director, Cheryl Childers, attended the National Association of County Veteran Service Officers annual conference each year from 2015 through 2018. Each annual conference was held out of state and scheduled to begin on Saturday and ended on Friday. When traveling to the annual conferences Mr. Fox and Ms. Childers arrived at the location sites of the conferences more than one day prior to the beginning of the conferences and incurred lodging, meal, and transportation expenses prior to the conferences, which were paid for by the Commission and determined not to be a proper public purpose. The expenses incurred by Mr. Fox and Ms. Childers deemed unallowable were as follows:

Year	Conference Location	Ralph Fox	Cheryl Childers	Total
2015	Appleton, WI	\$154	\$0	\$154
2016	Myrtle Beach, SC	194	143	337
2017	San Diego, CA	453	326	779
2018	Reno, NV	302	255	557
	Total	\$1,103	\$724	\$1,827

In addition, Mr. Fox made two purchases totaling \$155 from Amazon and E-Bay with a Commission credit card and there was no supporting documentation for the purchases to verify they were for a proper public purpose.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Ralph Fox and Cheryl Childers in the amounts of \$1,258 and \$724, respectively, and in favor of the Brown County General Fund, in the amount of \$1,982.

On August 26, 2020, the County received a cash payment from Ralph Fox in the amount of \$1,258 and it was deposited resulting in the full repayment of the finding for recovery against Ralph Fox. On September 1, 2020, the County received a check from Cheryl Childers in the amount of \$724 and deposited it on September 2, 2020 resulting in the full repayment of the finding for recovery against Cheryl Childers.

Officials' Response:

We did not receive a response from Officials' to this finding.

This page intentionally left blank.



Jill A. Hall

Brown County Auditor's Office

Administration Building • 800 Mt. Orab Pike Suite 181 • Georgetown, Ohio 45121-1175
 (937) 378-6398 • (888) 244-6420 • Fax (937) 378-6038

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Non-Compliance: OAC 117-2-03(B) the County is required to file its annual financial report in accordance with GAAP	Not Corrected	Finding reissued as finding 2019-001
2018-002	Significant Deficiency – Budgetary Posting to the accounting system: AU-C 210.	Not Corrected	Finding reissued as finding 2019-002
2018-003	Material Non-Compliance: 45 CFR 206.10(A) – failure to provide support to substantiate that the County was maintaining proper documentation for TANF eligibility requirements.	Fully Corrected	

This page intentionally left blank.



Jill A. Hall

Brown County Auditor's Office

Administration Building • 800 Mt. Orab Pike Suite 181 • Georgetown, Ohio 45121-1175
 (937) 378-6398 • (888) 244-6420 • Fax (937) 378-6038

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The County fully agrees that we should change over from cash basis of accounting, however the County does not currently have the funds necessary to make the change.	N/A	Jill Hall Brown County Auditor Phone: (937) 378-6398 Email: jhall@browncountyauditor.org
2019-002	The Auditor has been working with all offices to report added revenues in 2020. Educating the budgetary person in each office has been a priority along with watching the books more accurately.	2020	Jill Hall Brown County Auditor Phone: (937) 378-6398 Email: jhall@browncountyauditor.org
2019-003	The Auditor and Commissioners have been working with the JFS department to make sure they are keeping accurate records.	2020	Jill Hall Brown County Auditor Phone: (937) 378-6398 Email: jhall@browncountyauditor.org

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



BROWN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/24/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov