

Brown County  
Basic Financial Statements – Cash Basis  
For the Year Ended December 31, 2016



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519  
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319  
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

[www.bhmcpagroup.com](http://www.bhmcpagroup.com)

**Brown County**  
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*For the Year Ended December 31, 2016*

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February 14, 2017

Board of County Commissioners  
Brown County  
800 Mt. Orab Pike, Suite 181  
Georgetown, Ohio 45121

**Accountant's Compilation Report**

We have compiled the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brown County, Ohio as of and for the year ended December 31, 2016, which collectively comprise Brown County's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management's discussion and analysis in pages 3 through 11 is not a required part of the basic financial statements but is required supplementary information accounting principles generally accepted in the United States of America require. We have compiled the required supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the required supplementary information.

*BHM CPA Group*

BHM CPA Group, Inc.  
Piketon, Ohio

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**Brown County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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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, 2016, 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 2016 are as follows:

- Total net cash position of the County increased \$327,421. The net cash position of governmental activities increased \$648,710 or 3.46% from 2015 and the net cash position of business-type activities decreased \$321,289 or -16.88%.
- The County's major governmental funds include the General Fund, the Developmental Disabilities Fund, Job and Family Services Fund, Real Estate Assessment Fund, and Auto and Gas Tax Fund. The 2016 General Fund cash receipts and other financing sources of \$11,514,445 exceeded cash disbursements and other financing uses of \$111,487,869 by \$26,576, which represents a 0.73% increase from 2015. The 2016 General Fund beginning cash balance was \$3,659,585, whereas the ending cash balance was \$3,686,161.
- The Developmental Disabilities Fund, a major fund, had receipts of \$2,190,796 and cash disbursements of \$2,105,225 in 2016. The Developmental Disabilities Fund cash balance increased \$85,571 in 2016.
- The Job and Family Services Fund, a major fund, had receipts and other financing sources of \$3,118,544 and cash disbursements of \$3,037,392 in 2016. The Job and Family Services Fund cash balance increased \$81,152 in 2016.
- The Real Estate Assessment Fund, a major fund, had cash receipts of \$553,991 and cash disbursements of \$368,923 in 2016. The Real Estate Assessment Fund cash balance increased \$185,068 in 2016.
- The Auto and Gas Tax Fund, a major fund, had cash receipts of \$4,365,700 and cash disbursements of \$4,300,043 in 2016. The Auto and Gas Tax Fund cash balance increased \$65,657 in 2016.

### **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, Real Estate Assessment 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*  
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*Unaudited*

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**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 2016, within the limitations of the cash basis of accounting. The statement of net position – cash basis presents the cash balances and investments of the governmental and business-type activities of the County at year end. The statement of activities-cash basis compares cash disbursements with program cash receipts for each governmental program and business-type activity. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program or activity. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

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

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

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

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

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

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
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## **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, Real Estate Assessment Fund, and the Auto and Gas Tax Fund.

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

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets. The budgetary comparison statements are reported on pages 17-21 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 agency funds. The County's only fiduciary funds are agency funds.

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

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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**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 25-47 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 2016 as compared to 2015:

Table 1  
**Net Cash Position**

	Governmental Activities		Business-Type Activities		2016	2015
	2016	2015	2016	2015	Total	Total
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 19,415,906	\$ 18,767,196	\$ 1,581,867	\$ 1,903,156	\$ 20,997,773	\$ 20,670,352
Total Assets	<u>19,415,906</u>	<u>18,767,196</u>	<u>1,581,867</u>	<u>1,903,156</u>	<u>20,997,773</u>	<u>20,670,352</u>
<u>Net Cash Position</u>						
Restricted	15,729,745	15,107,611	-	-	15,729,745	15,107,611
Unrestricted	<u>3,686,161</u>	<u>3,659,585</u>	<u>1,581,867</u>	<u>1,903,156</u>	<u>5,268,028</u>	<u>5,562,741</u>
Total net cash position	<u>\$ 19,415,906</u>	<u>\$ 18,767,196</u>	<u>\$ 1,581,867</u>	<u>\$ 1,903,156</u>	<u>\$ 20,997,773</u>	<u>\$ 20,670,352</u>

The total net cash position of the County increased \$327,421. Net cash position of the governmental activities increased \$648,710, which represents a 3.46% increase from the 2015 balance. Net cash position of business-type activities decreased \$321,289 or -16.88% from 2015.

A portion of the County's net cash position \$15,729,745, 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 \$3,686,161 may be used to meet the government's ongoing obligations to citizens and creditors.

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

The Table below shows the changes in net cash position for 2016 as compared to 2015.

Table 2  
Changes in Net Cash Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Cash Receipts</b>						
<i>Program Cash Receipts</i>						
Charges For Services	\$4,703,202	\$4,510,604	\$513,582	\$1,109,587	\$5,216,784	\$5,620,191
Operating Grants and Contributions	10,443,339	10,165,370	-	-	10,443,339	10,165,370
Capital Grants and Contributions	0	411,645	-	-	0	411,645
<b>Total Program Cash Receipts</b>	<b>15,146,541</b>	<b>15,087,619</b>	<b>513,582</b>	<b>1,109,587</b>	<b>15,660,123</b>	<b>16,197,206</b>
<i>General Cash Receipts</i>						
Property Taxes	4,033,835	3,770,131	-	-	4,033,835	3,770,131
Sales Taxes	5,595,422	5,248,844	-	-	5,595,422	5,248,844
Grants and Entitlements Not						
Restricted to Specific Programs	1,809,174	1,716,277	-	-	1,809,174	1,716,277
Miscellaneous	407,345	262,664	14,302	-	421,647	262,664
Interest	158,533	128,607	-	-	158,533	128,607
Proceeds from the Sale of Assets	0	616,579	-	-	0	616,579
<b>Total General Cash Receipts</b>	<b>12,004,309</b>	<b>11,743,102</b>	<b>14,302</b>	<b>-</b>	<b>12,018,611</b>	<b>11,743,102</b>
<b>Total Cash Receipts</b>	<b>27,150,850</b>	<b>26,830,721</b>	<b>527,884</b>	<b>1,109,587</b>	<b>27,678,734</b>	<b>27,940,308</b>
<b>Cash Disbursements</b>						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	5,915,168	4,483,912	-	-	5,915,168	4,483,912
Judicial	2,822,601	2,451,094	-	-	2,822,601	2,451,094
Public Safety	3,869,878	3,904,949	-	-	3,869,878	3,904,949
Public Works	4,377,987	4,056,119	-	-	4,377,987	4,056,119
Health	3,323,805	2,916,112	-	-	3,323,805	2,916,112
Human Services	4,729,983	4,920,622	-	-	4,729,983	4,920,622
Community and Economic Development	342,040	752,971	-	-	342,040	752,971
Capital Outlay	594,495	775,196	-	-	594,495	775,196
<i>Debt Service:</i>						
Principal Retirement	430,816	1,166,488	-	-	430,816	1,166,488
Interest and Fiscal Charges	85,367	128,521	-	-	85,367	128,521
Solid Waste	-	-	806,512	1,211,439	806,512	1,211,439
Sewer and Water	-	-	52,661	57,851	52,661	57,851
<b>Total Cash Disbursements</b>	<b>26,492,140</b>	<b>25,555,984</b>	<b>859,173</b>	<b>1,269,290</b>	<b>27,351,313</b>	<b>26,825,274</b>
Transfers In/Out (Net)	(10,000)	(10,000)	10,000	10,000	-	-
<b>Change in Net Cash Position</b>	<b>648,710</b>	<b>1,264,737</b>	<b>(321,289)</b>	<b>(149,703)</b>	<b>327,421</b>	<b>1,115,034</b>
Net Position at Beginning of Year	18,767,196	17,502,459	1,903,156	2,052,859	20,670,352	19,555,318
<b>Net Position at End of Year</b>	<b>\$19,415,906</b>	<b>\$18,767,196</b>	<b>\$1,581,867</b>	<b>\$1,903,156</b>	<b>\$20,997,773</b>	<b>\$20,670,352</b>

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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Net position increased \$648,710 in governmental activities in 2016. Program cash receipts were primarily composed of charges for services and operating grants and contributions which were \$4,703,202 and \$10,443,339, respectively. The increase in property taxes was related to an increase in delinquent taxes collected. Legislative and executive disbursements increased due to the closing of the County jail at the end of 2015. Payments are now being made to Butler and Clermont counties for housing inmates. Community and economic development disbursements decreased due to decreased CDBG and revolving loan grant monies in 2016. Property taxes and sales taxes made up 14.9 percent and 20.61 percent, respectively, of cash receipts for governmental activities for the County in 2016. Operating grants and contributions made up 38.5 percent of cash receipts for governmental activities for the County.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 44.2 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Brown County.

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

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

	2016		2015	
	Total Cost of Services	Net Cost of Service	Total Cost of Services	Net Cost of Service
<b>Governmental Activities</b>				
General Government				
Legislative and Executive	\$ 5,915,168	\$ 4,228,084	\$ 4,483,912	\$ 3,169,312
Judicial	2,822,601	1,715,930	2,451,094	1,359,677
Public Safety	3,869,878	2,252,371	3,904,949	2,266,443
Public Works	4,377,987	833,391	4,056,119	656,414
Health	3,323,805	613,456	2,916,112	499,795
Human Services	4,729,983	1,030,794	4,920,622	1,029,006
Community and Economic Development	342,040	61,541	752,971	114,119
Capital Outlay	594,495	106,964	775,196	117,488
Debt Service				
Principal Retirement	430,816	430,816	1,166,488	1,166,488
Interest and Fiscal Charges	85,367	72,252	128,521	89,623
Total Cash Disbursements - Governmental Activities	<u>\$ 26,492,140</u>	<u>\$ 11,345,599</u>	<u>\$ 25,555,984</u>	<u>\$ 10,468,365</u>
<b>Business-Type Activities</b>				
Solid Waste	\$ 806,512	\$ 332,306	\$ 1,211,439	\$ 163,107
Sewer and Water	52,661	13,285	57,851	(3,404)
Total Cash Disbursements - Business-Type Activities	<u>\$ 859,173</u>	<u>\$ 345,591</u>	<u>\$ 1,269,290</u>	<u>\$ 159,703</u>

***Business-Type Activities***

Business-type activities include solid waste management and water and sewer services. Overall net position decreased \$321,289 from 2015 to 2016. During 2016 program cash disbursements exceeded program cash receipts, which resulted in the above decrease.

***The County's Funds***

Information about the County's major funds starts on page 15. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$29,021,481 and cash disbursements and other financing uses of \$28,372,771. The net change in fund balance for the year was most significant in the Real Estate Assessment Fund. The fund balance in the General Fund increased \$26,576 primarily due to excess of receipts over disbursements. The Developmental Disabilities fund increased \$85,571 due primarily to an excess of receipts over disbursements. The fund balance of the Job and Family Services Fund increased \$81,152 primarily due to transfers in receipts. The fund balance of the Real Estate Assessment fund increased \$185,068 primarily due to an excess of receipts over disbursements. The fund balance of the Auto and Gas Tax Fund increased \$65,657 primarily due to a decrease in disbursements related to road projects.

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
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**General Fund Budgeting Highlights**

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

For the General Fund, final budgeted receipts were \$13,785,699 while original budgeted receipts were \$11,834,410. Actual cash basis receipts and other financing sources were \$11,151,718 which represents a decrease of \$2,633,981 over final budgeted receipts.

Total actual disbursements and other financing uses on the budget basis (cash plus encumbrances) were \$11,615,012, which was \$871,569 above final appropriated disbursements and other financing uses. The primary reasons for this variance can be attributed to an increase in disbursements related to legislative and executive, judicial and human services expenditures which was partially offset by a decrease in Transfers Out.

**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 \$594,495 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, 2016, the County had \$1,571,645 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

	2016	2015
General Obligation Bonds	\$665,000	\$950,000
Long Term Notes	757,167	894,233
Forgivable Debt	149,478	158,228
Totals	\$1,571,645	\$2,002,461

**Current Financial Related Activities**

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

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

**Brown County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

**Brown County**  
*Statement of Net Position - Cash Basis*  
*As of December 31, 2016*

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$19,415,906	\$1,581,867	\$20,997,773
<i>Total Assets</i>	<u>19,415,906</u>	<u>1,581,867</u>	<u>20,997,773</u>
<b>NET POSITION:</b>			
Restricted for Debt Service	134,865	-	134,865
Restricted for Capital Projects	264,861	-	264,861
Restricted for Public Assistance	503,530	-	503,530
Restricted for Mental Health	1,236,941	-	1,236,941
Restricted for DD	4,611,723	-	4,611,723
Restricted for Real Estate Assessment	2,189,816	-	2,189,816
Restricted for CSEA	712,760	-	712,760
Restricted for Childrens Services	349,114	-	349,114
Restricted for Auto and Gas Tax	1,953,521	-	1,953,521
Restricted for Residential Facility/DD	580,433	-	580,433
Restricted for Medicaid Reserve	1,033,528	-	1,033,528
Restricted for Treasurer DTAC	337,443	-	337,443
Restricted for E-911 Services	246,754	-	246,754
Restricted for Other Purposes	1,574,456	-	1,574,456
Unrestricted	<u>3,686,161</u>	<u>1,581,867</u>	<u>5,268,028</u>
<i>Total Net Position</i>	<u><u>\$19,415,906</u></u>	<u><u>\$1,581,867</u></u>	<u><u>\$20,997,773</u></u>

The notes to the basic financial statements are an integral part of this statement.  
See accountant's compilation report.

**Brown County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2016

	<u>Program Cash Receipts</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
General Government:			
Legislative and Executive	\$5,915,168	\$1,314,748	\$372,336
Judicial	2,822,601	585,188	521,483
Public Safety	3,869,878	788,295	829,212
Public Works	4,377,987	651,986	2,892,610
Health	3,323,805	492,299	2,218,050
Human Services	4,729,983	722,643	2,976,546
Community and Economic Development	342,040	50,439	230,060
Capital Outlay	594,495	87,667	399,864
Debt Service:			
Principal Retirement	430,816	-	-
Interest and Fiscal Charges	85,367	9,937	3,178
<i>Total Governmental Activities</i>	<u>26,492,140</u>	<u>4,703,202</u>	<u>10,443,339</u>
Business-Type Activities:			
Solid Waste	806,512	474,206	-
Sewer and Water	52,661	39,376	-
<i>Total Business-Type Activities</i>	<u>859,173</u>	<u>513,582</u>	<u>-</u>
<i>Totals</i>	<u>\$27,351,313</u>	<u>\$5,216,784</u>	<u>\$10,443,339</u>

**General Cash Receipts and Transfers**

Property Taxes Levied for:

  General Purposes

  DD Purposes

  Other Purposes

Sales Taxes Levied for General Purposes

Sales Taxes Levied for 911 Services

Grants and Entitlements Not

  Restricted to Specific Programs

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.  
See accountant's compilation report.

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$4,228,084)	-	(\$4,228,084)
(1,715,930)	-	(1,715,930)
(2,252,371)	-	(2,252,371)
(833,391)	-	(833,391)
(613,456)	-	(613,456)
(1,030,794)	-	(1,030,794)
(61,541)	-	(61,541)
(106,964)	-	(106,964)
(430,816)	-	(430,816)
(72,252)	-	(72,252)
<u>(11,345,599)</u>	<u>-</u>	<u>(11,345,599)</u>
-	(332,306)	(332,306)
<u>-</u>	<u>(13,285)</u>	<u>(13,285)</u>
<u>-</u>	<u>(345,591)</u>	<u>(345,591)</u>
2,673,466	-	2,673,466
1,097,044	-	1,097,044
263,325	-	263,325
4,663,284	-	4,663,284
932,138	-	932,138
1,809,174	-	1,809,174
407,345	14,302	421,647
158,533	-	158,533
(10,000)	10,000	-
<u>11,994,309</u>	<u>24,302</u>	<u>12,018,611</u>
648,710	(321,289)	327,421
<u>18,767,196</u>	<u>1,903,156</u>	<u>20,670,352</u>
<u>\$19,415,906</u>	<u>\$1,581,867</u>	<u>\$20,997,773</u>

**Brown County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds - Cash Basis*  
*As of December 31, 2016*

	General	Developmental Disabilities	Job and Family Services	Real Estate Assessment	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Equity in Pooled Cash and Cash Equivalents	\$3,686,161	\$4,611,723	\$503,530	\$2,189,816	\$1,953,521	\$6,471,155	\$19,415,906
<i>Total Assets</i>	<u>3,686,161</u>	<u>4,611,723</u>	<u>503,530</u>	<u>2,189,816</u>	<u>1,953,521</u>	<u>6,471,155</u>	<u>19,415,906</u>
<b>FUND BALANCES:</b>							
Non Spendable	124,872	-	-	-	-	-	124,872
Restricted	-	4,611,723	503,530	2,189,816	1,953,521	6,471,155	15,729,745
Assigned	388,393	-	-	-	-	-	388,393
Unassigned	3,172,896	-	-	-	-	-	3,172,896
<i>Total Fund Balances</i>	<u>\$3,686,161</u>	<u>\$4,611,723</u>	<u>\$503,530</u>	<u>\$2,189,816</u>	<u>\$1,953,521</u>	<u>6,471,155</u>	<u>\$19,415,906</u>

The notes to the basic financial statements are an integral part of this statement.  
See accountant's compilation report.

**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, 2016*

	General	Developmental Disabilities	Job and Family Services	Real Estate Assessment	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
<b>CASH RECEIPTS:</b>							
Property Taxes	\$ 2,673,466	\$ 1,097,044	\$ -	\$ -	\$ -	\$ 263,325	\$ 4,033,835
Sales Taxes	4,663,284	-	-	-	-	932,138	5,595,422
Charges for Services	2,120,790	1,900	285,920	553,991	251,059	817,691	4,031,351
Licenses and Permits	-	-	-	-	-	59,209	59,209
Fines and Forfeitures	294,006	-	-	-	20,494	298,141	612,641
Intergovernmental	1,336,531	1,091,188	2,750,209	-	4,031,471	3,043,115	12,252,514
Interest	146,886	-	-	-	11,647	-	158,533
Other	207,975	664	-	-	51,029	147,677	407,345
<i>Total Cash Receipts</i>	<u>11,442,938</u>	<u>2,190,796</u>	<u>3,036,129</u>	<u>553,991</u>	<u>4,365,700</u>	<u>5,561,296</u>	<u>27,150,850</u>
<b>CASH DISBURSEMENTS:</b>							
<b>Current:</b>							
<b>General Government:</b>							
Legislative and Executive	5,397,934	-	-	368,923	-	148,311	5,915,168
Judicial	2,061,163	-	-	-	-	761,438	2,822,601
Public Safety	2,654,924	-	-	-	-	1,214,954	3,869,878
Public Works	77,944	-	-	-	4,300,043	-	4,377,987
Health	26,312	2,105,225	-	-	-	1,192,268	3,323,805
Human Services	306,688	-	3,037,392	-	-	1,385,903	4,729,983
Community and Economic Development	-	-	-	-	-	342,040	342,040
Capital Outlay	-	-	-	-	-	594,495	594,495
<b>Debt Service:</b>							
Principal Retirement	45,000	-	-	-	-	385,816	430,816
Interest and Fiscal Charges	41,215	-	-	-	-	44,152	85,367
<i>Total Cash Disbursements</i>	<u>10,611,180</u>	<u>2,105,225</u>	<u>3,037,392</u>	<u>368,923</u>	<u>4,300,043</u>	<u>6,069,377</u>	<u>26,492,140</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>831,758</u>	<u>85,571</u>	<u>(1,263)</u>	<u>185,068</u>	<u>65,657</u>	<u>(508,081)</u>	<u>658,710</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers In	-	-	82,415	-	-	1,568,932	1,651,347
Advances In	71,507	-	-	-	-	147,777	219,284
Advances Out	(147,777)	-	-	-	-	(71,507)	(219,284)
Transfers Out	(728,912)	-	-	-	-	(932,435)	(1,661,347)
<i>Total Other Financing Sources (Uses)</i>	<u>(805,182)</u>	<u>-</u>	<u>82,415</u>	<u>-</u>	<u>-</u>	<u>712,767</u>	<u>(10,000)</u>
<i>Net Change in Fund Cash Balances</i>	26,576	85,571	81,152	185,068	65,657	204,686	648,710
<i>Fund Cash Balance at Beginning of Year</i>	<u>3,659,585</u>	<u>4,526,152</u>	<u>422,378</u>	<u>2,004,748</u>	<u>1,887,864</u>	<u>6,266,469</u>	<u>18,767,196</u>
<i>Fund Cash Balance at End of Year</i>	<u>\$3,686,161</u>	<u>\$4,611,723</u>	<u>\$503,530</u>	<u>\$2,189,816</u>	<u>\$1,953,521</u>	<u>\$6,471,155</u>	<u>\$19,415,906</u>

The notes to the basic financial statements are an integral part of this statement.  
See accountant's compilation report.

**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2016*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
<b>RECEIPTS:</b>				
Property Taxes	\$3,062,535	\$3,567,494	\$2,673,466	(\$894,028)
Sales Taxes	4,977,556	5,798,269	4,663,284	(1,134,985)
Charges for Services	1,909,328	2,224,143	1,788,777	(435,366)
Fines and Forfeitures	313,820	365,563	294,006	(71,557)
Intergovernmental	1,217,707	1,418,486	1,336,531	(81,955)
Interest	156,785	182,636	146,886	(35,750)
Other	196,679	229,108	184,261	(44,847)
<i>Total Receipts</i>	<u>11,834,410</u>	<u>13,785,699</u>	<u>11,087,211</u>	<u>(2,698,488)</u>
<b>DISBURSEMENTS:</b>				
Current:				
General Government:				
Legislative and Executive	4,346,384	5,646,679	5,612,970	33,709
Judicial	1,773,104	2,459,095	1,853,228	605,867
Public Safety	2,715,356	2,855,135	2,751,991	103,144
Public Works	118,380	79,418	77,944	1,474
Health	73,348	30,000	26,312	3,688
Human Services	285,561	453,350	329,663	123,687
Debt Service:				
Principal Retirement	-	45,000	45,000	-
Interest and Fiscal Charges	-	41,215	41,215	-
<i>Total Disbursements</i>	<u>9,312,133</u>	<u>11,609,892</u>	<u>10,738,323</u>	<u>871,569</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>2,522,277</u>	<u>2,175,807</u>	<u>348,888</u>	<u>(1,826,919)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	-	(728,912)	(728,912)	-
Advances In	-	-	64,507	64,507
Advances Out	-	(147,777)	(147,777)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(876,689)</u>	<u>(812,182)</u>	<u>64,507</u>
<i>Excess of Receipts and Other Financing Sources Over (under) Disbursements and Other Financing Uses</i>	<u>2,522,277</u>	<u>1,299,118</u>	<u>(463,294)</u>	<u>(1,762,412)</u>
<i>Fund Balance at Beginning of Year</i>	1,768,498	1,768,498	1,768,498	-
<i>Prior Year Encumbrances Appropriated</i>	<u>443,076</u>	<u>443,076</u>	<u>443,076</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,733,851</u></u>	<u><u>\$3,510,692</u></u>	<u><u>\$1,748,280</u></u>	<u><u>(\$1,762,412)</u></u>

The notes to the basic financial statements are an integral part of this statement  
See accountant's compilation report.

**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2016*

	Developmental Disabilities Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
<b>RECEIPTS:</b>				
Taxes	\$1,184,590	\$1,184,590	\$1,097,044	(\$87,546)
Charges for Services	1,776	1,776	1,900	124
Intergovernmental	861,002	861,002	1,091,188	230,186
Other	621	621	664	43
<i>Total Receipts</i>	<u>2,047,989</u>	<u>2,047,989</u>	<u>2,190,796</u>	<u>142,807</u>
<b>DISBURSEMENTS:</b>				
Current:				
Health	<u>2,439,060</u>	<u>3,222,735</u>	<u>2,952,566</u>	<u>270,169</u>
<i>Total Disbursements</i>	<u>2,439,060</u>	<u>3,222,735</u>	<u>2,952,566</u>	<u>270,169</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(391,071)</u>	<u>(1,174,746)</u>	<u>(761,770)</u>	<u>412,976</u>
<i>Fund Balance at Beginning of Year</i>	4,096,592	4,096,592	4,096,592	-
<i>Prior Year Encumbrances Appropriated</i>	<u>429,560</u>	<u>429,560</u>	<u>429,560</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,135,081</u></u>	<u><u>\$3,351,406</u></u>	<u><u>\$3,764,382</u></u>	<u><u>\$412,976</u></u>

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See accountant's compilation report.

**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2016*

	Job and Family Services Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS:				
Intergovernmental	\$ 3,036,618	\$ 3,036,618	\$ 2,750,209	\$ (286,409)
Charges for Services	315,696	315,696	285,920	(29,776)
<i>Total Receipts</i>	<u>3,352,314</u>	<u>3,352,314</u>	<u>3,036,129</u>	<u>(316,185)</u>
DISBURSEMENTS:				
Current:				
Human Services	3,355,724	3,352,314	3,080,859	271,455
<i>Total Disbursements</i>	<u>3,355,724</u>	<u>3,352,314</u>	<u>3,080,859</u>	<u>271,455</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(3,410)</u>	<u>-</u>	<u>(44,730)</u>	<u>(44,730)</u>
OTHER FINANCING SOURCES:				
Transfers In	-	-	82,415	82,415
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>82,415</u>	<u>82,415</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements</i>	<u>(3,410)</u>	<u>-</u>	<u>37,685</u>	<u>37,685</u>
<i>Fund Balance at Beginning of Year</i>	418,968	418,968	418,968	-
<i>Prior Year Encumbrances Appropriated</i>	<u>3,410</u>	<u>3,410</u>	<u>3,410</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$418,968</u></u>	<u><u>\$422,378</u></u>	<u><u>\$460,063</u></u>	<u><u>\$37,685</u></u>

The notes to the basic financial statements are an integral part of this statement.  
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**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2016*

	Real Estate Assessment Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS:				
Charges for Services	\$ 550,000	\$ 550,000	\$ 553,991	\$ 3,991
<i>Total Receipts</i>	<u>550,000</u>	<u>550,000</u>	<u>553,991</u>	<u>3,991</u>
DISBURSEMENTS:				
Current:				
Legislative and Executive	525,434	538,684	368,923	169,761
<i>Total Disbursements</i>	<u>525,434</u>	<u>538,684</u>	<u>368,923</u>	<u>169,761</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>24,566</u>	<u>11,316</u>	<u>185,068</u>	<u>173,752</u>
<i>Fund Balance at Beginning of Year</i>	<u>2,004,748</u>	<u>2,004,748</u>	<u>2,004,748</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,029,314</u></u>	<u><u>\$2,016,064</u></u>	<u><u>\$2,189,816</u></u>	<u><u>\$173,752</u></u>

The notes to the basic financial statements are an integral part of this statement.  
See accountant's compilation report.

**Brown County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2016*

	Auto and Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$ 247,281	\$ 247,281	\$ 251,059	\$ 3,778
Fines and Forfeitures	20,186	20,186	20,494	308
Intergovernmental	3,970,801	3,970,801	4,031,471	60,670
Interest	11,472	11,472	11,647	175
Other	50,260	50,260	51,029	769
<i>Total Receipts</i>	<u>4,300,000</u>	<u>4,300,000</u>	<u>4,365,700</u>	<u>65,700</u>
DISBURSEMENTS:				
Current:				
Public Works	4,788,473	5,414,349	4,892,054	522,295
<i>Total Disbursements</i>	<u>4,788,473</u>	<u>5,414,349</u>	<u>4,892,054</u>	<u>522,295</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(488,473)</u>	<u>(1,114,349)</u>	<u>(526,354)</u>	<u>587,995</u>
<i>Fund Balance at Beginning of Year</i>	1,599,391	1,599,391	1,599,391	-
<i>Prior Year Encumbrances Appropriated</i>	<u>288,473</u>	<u>288,473</u>	<u>288,473</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$1,399,391</u>	<u>\$773,515</u>	<u>\$1,361,510</u>	<u>\$587,995</u>

The notes to the basic financial statements are an integral part of this statement.  
See accountant's compilation report.

**Brown County**  
*Statement of Cash Basis Assets and Net Position*  
*Proprietary Funds - Cash Basis*  
*As of December 31, 2016*

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	Solid Waste	Other Enterprise	Total Enterprise Funds
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$1,566,699	\$15,168	\$1,581,867
NET POSITION:			
Unrestricted	\$1,566,699	\$15,168	\$1,581,867

The notes to the basic financial statements are an integral part of this statement.  
 See accountant's compilation report.

**Brown County**  
*Statement of Cash Receipts, Cash Disbursements and  
Changes in Net Cash Position  
Proprietary Funds - Cash Basis  
For the Year Ended December 31, 2016*

	<u>Solid Waste</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$474,206	\$39,376	\$513,582
Other	12,500	1,802	14,302
<i>Total Operating Cash Receipts</i>	<u>486,706</u>	<u>41,178</u>	<u>527,884</u>
<b>OPERATING CASH DISBURSEMENTS:</b>			
Salaries and Wages	-	44,533	44,533
Fringe Benefits	-	7,540	7,540
Contractual Services	806,512	588	807,100
<i>Total Operating Cash Disbursements</i>	<u>806,512</u>	<u>52,661</u>	<u>859,173</u>
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	<u>(319,806)</u>	<u>(11,483)</u>	<u>(331,289)</u>
<b>NONOPERATING CASH RECEIPTS:</b>			
Transfers In	-	10,000	10,000
<i>Total Nonoperating Cash Receipts</i>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<i>Changes in Net Cash Position</i>	(319,806)	(1,483)	(321,289)
<i>Net Cash Position at Beginning of Year</i>	<u>1,886,505</u>	<u>16,651</u>	<u>1,903,156</u>
<i>Net Cash Position at End of Year</i>	<u><u>\$1,566,699</u></u>	<u><u>\$15,168</u></u>	<u><u>\$1,581,867</u></u>

The notes to the basic financial statements are an integral part of this statement.  
See accountant's compilation report.

**Brown County**  
*Statement of Fiduciary Net Cash Position*  
*Agency Funds - Cash Basis*  
*As of December 31, 2016*

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	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 4,234,736
Cash and Cash Equivalents in Segregated Accounts	<u>601,870</u>
<i>Total Assets</i>	<u>4,836,606</u>
NET POSITION:	
Unrestricted	<u>4,836,606</u>
<i>Total Net Position</i>	<u><u>\$4,836,606</u></u>

The notes to the basic financial statements are an integral part of this statement.  
See accountant's compilation report.

**NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION**

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

**Reporting Entity**

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

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

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

Component units are legally separate organizations for which the county is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs and services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the County in that the County approves the organization’s budget, the issuance of its debt or levying of its taxes. The County had no component units at December 31, 2016.

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

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

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

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

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

*Workforce Investment Board* – The Workforce Investment Board is a jointly governed organization of representatives from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county. The forty-eight-member board includes twelve members from each participating county and includes fifty-one percent of its members from the private sector. The remaining members include individuals from education, one-stop partners, juvenile justice centers, labor organizations, local public housing and former participants. The Workforce Investment Board typically meets three to four times per year and is responsible for the five year plan, selecting one stop operators, selecting youth providers and coordinating all activities in association with Workforce Improvement Act funds. This board enables the participating counties to have more local control over the programs, which they assist in overseeing. The Workforce Advisory Board received no contributions from the County during 2016.

*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 2016 was \$185,767. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

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

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Basis of Presentation**

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

#### ***Government-Wide Financial Statements***

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

#### ***Fund Financial Statements***

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

### **B. Fund Accounting**

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

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

#### ***General Fund***

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

#### ***Developmental Disabilities Fund***

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

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

**B. Fund Accounting (Continued)**

*Job and Family Services Fund*

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

*Real Estate Assessment Fund*

This fund accounts for state mandated county-wide real estate reappraisals that are funded by charges to the political subdivisions located within the County.

*Auto and Gas Tax Fund*

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

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

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

*Enterprise Funds*

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

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

**C. Basis of Presentation**

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

***Cash Receipts-Exchange and Non-exchange Transactions***

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

***Cash Disbursements***

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

**D. Budgetary Process**

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

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

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

**E. Cash and Investments**

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

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

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

**E. Cash and Investments (Continued)**

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

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

During 2016, investments were limited to nonnegotiable certificates of deposits and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis accounting, investments of nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in STAR Ohio during 2016. STAR Ohio (the State Treasury Asset Reserve of 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 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 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 2016 were \$146,886 and \$11,647, 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 financial statements. In the government-wide financial statements advances within governmental activities or within business-type activities are eliminated.

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

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

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

Of the County's \$15,729,745 in restricted net position, none is restricted by enabling legislation.

**M. Fund Balance**

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

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

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

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

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

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

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

**M. Fund Balance (continued)**

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

**N. Interfund Transactions**

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

**O. Pensions**

For purposes of measuring the net pension 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 the fiscal year ended December 31, 2016, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 77, Tax Abatement Disclosures, and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the County; however certain additional footnote disclosures were made.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the County.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 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, 2016*

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**NOTE 3 – NEW ACCOUNTING PRINCIPLES (Continued)**

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose the certain information about the agreements including brief descriptive information such as the tax being abated, the authority under and mechanism by which tax abatements are provided, eligibility criteria, provisions for recapturing abated taxes, the types of commitments made by tax abatement recipients, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the County. Certain footnote disclosures would have been added to address the requirements of this Statement; however, there were no abatement agreements with the County. Also, abatement agreements that other governments have within the County were not significant in relation to the County.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the County.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	<b>General</b>	<b>Developmental Disabilities</b>	<b>Job and Family Services</b>	<b>Real Estate Assessment</b>	<b>Auto and Gas</b>
Cash Basis Fund Balance	\$3,686,161	\$4,611,723	\$503,530	\$2,189,816	\$1,953,521
Encumbrances	(383,113)	(847,341)	(43,467)	0	(592,011)
Perspective Difference: Activity of Funds Reclassified for GAAP Reporting Purposes	(1,554,768)	0	0	0	0
Budget Basis (Net Change in Pooled Cash)	<u>\$1,748,280</u>	<u>\$3,764,382</u>	<u>\$460,063</u>	<u>\$2,189,816</u>	<u>\$1,361,510</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. Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories.

**NOTE 5 – CASH DEPOSITS AND INVESTMENTS (Continued)**

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and federal 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than two hundred seventy days after purchase;
9. Bankers' acceptance for a period not to exceed one hundred and eighty days and in an amount not to exceed ten percent of the County's total average portfolio;
10. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
11. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
12. Certain bankers' acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
13. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;
14. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County's total average portfolio and meet other requirements; and

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 5 – CASH DEPOSITS AND INVESTMENTS (Continued)**

15. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisfied.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. At year end, the County had \$3,000 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

**Deposits**

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

The County’s bank balance of \$25,883,110 is either covered by FDIC or collateralized by the financial institutions’ public entity deposit pools in the manner as described above.

**Investments**

As of December 31, 2016, the County had the following investments:

Investment Type	Carrying Value	Investment Matures in Less than 1 Year
STAR Ohio	403,817	403,817
Total Investments	\$403,817	\$403,817

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

**NOTE 5 – CASH DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

**NOTE 6 – PERMISSIVE SALES TAX**

In 1990, in accordance with Section 5739.021 of the Revised Code, the County Commissioners, by resolution, imposed a 1% tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of tax are paid to the State Treasurer by the 23rd day of the month following collection. The State Tax Commissioner certified to the 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 2016, permissive sales tax receipts amounted to \$4,663,284 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 2016, permissive sales tax receipts amounted to \$932,138 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. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 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, 2016*

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**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, 2016 was \$7.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$689,573,280
Commercial/Industrial	64,586,810
Total Real Property	<u>754,160,090</u>
<u>Public Utility</u>	
Real	280,030
Personal	39,495,380
Total Assessed Value	<u>\$793,935,500</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 \$6,000,000 of excess liability coverage, which has no deductible. This coverage is for claims in excess of underlying limits for general liability, law enforcement liability, automotive liability, and errors and omissions liability, with the exception of stop gap liability and uninsured/underinsured motorists. Real and personal property damage is on a replacement cost basis. Equipment breakdown coverage has a combined limit with property damage, business income, extra expense, and service interruption of \$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 2016, 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 - RETIREMENT SYSTEM**

**Net Pension Liability**

Pensions 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the County's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension 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.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Under the cash basis of reporting, the County does not record a long-term net pension liability for the proportionate share of each plan's unfunded benefits.

**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 pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 9 - RETIREMENT SYSTEM (Continued)**

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members 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):

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

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

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 9 - RETIREMENT SYSTEM (Continued)**

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

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 will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

\* 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution to OPERS was \$1,543,547 for fiscal year 2016.

**Net Pension Liability**

The net pension liability for OPERS was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability Prior Measurement Date	0.07963300%
Proportion of the Net Pension Liability Current Measurement Date	0.07961100%
Change in Proportionate Share	( 0.00002200% )
Proportionate Share of the Net Pension Liability	\$13,789,421

**NOTE 9 - RETIREMENT SYSTEM (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 in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation at 3.75% Pre January 7, 2013: 3.00% simple
COLA or Ad Hoc COLA	Post January 7, 2013: 3.00% simple through 2018, then 2.80% simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(b) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 9 - RETIREMENT SYSTEM (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 2015 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 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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 8 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
County's proportionate share of the net pension liability	\$21,970,248	\$13,789,421	\$6,889,536

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

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 45. 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. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, 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.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 11 – OTHER EMPLOYEE BENEFITS**

Substantially all of the County’s contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$220,507, \$172,352, and \$204,587, respectively. The full amount has been contributed for 2016, 2015 and 2014.

**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:

Governmental Activities	Principal Outstanding 12/31/15	Additions	Reductions	Principal Outstanding 12/31/16	Amounts Due In One Year
<b>General Obligation Bonds:</b>					
Brown County Public Library District Refunding Bonds	\$220,000	\$-	\$220,000	\$-	\$-
Mental Health Program Refunding Bonds	90,000	-	20,000	70,000	20,000
Emergency Communications Systems Limited Tax Bonds	640,000	-	45,000	595,000	45,000
<b>Total General Obligations Bonds</b>	<u>950,000</u>	<u>-</u>	<u>285,000</u>	<u>665,000</u>	<u>65,000</u>
<b>Other Long-Term Obligations:</b>					
County Courthouse Repair Note	479,053	-	73,428	405,625	75,912
Probate Court Note	415,180	-	63,638	351,542	65,790
Forgivable Debt(Mental Health)	158,228	-	8,750	149,478	8,750
<b>Total Other Long-Term Obligations</b>	<u>1,052,461</u>	<u>-</u>	<u>145,816</u>	<u>906,645</u>	<u>150,452</u>
<b>Total General and Other Long- Term Obligations</b>	<u>\$2,002,461</u>	<u>\$-</u>	<u>\$430,816</u>	<u>\$1,571,645</u>	<u>\$215,452</u>

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 13 – LONG-TERM DEBT (Continued)**

The County’s total legal debt margin was \$15,782,258 with an unvoted debt margin of \$6,050,835.

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

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

During fiscal year 2010, the County issued \$800,000 in Emergency Communication Systems Limited Tax General Obligation Bonds to finance improvements to the County’s emergency communications systems. These bonds were issued at interest rates ranging from 4.7% to 7.0% and mature December 1, 2026. These bonds are being retired from the E-911 ¼% Sales Tax Fund; however, in 2016 the Fund did not have a balance large enough to cover the payment of the bonds. Because of this, the bond payments were made from the General Fund.

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

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

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

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

Years Ended December 31,	Mental Health General Obligations		Emergency Communication General Obligation	
	Principal	Interest	Principal	Interest
2017	20,000	3,225	45,000	39,100
2018	25,000	2,225	50,000	36,400
2019	25,000	1,113	50,000	33,400
2020	-	-	55,000	30,400
2021	-	-	55,000	27,100
2022-2026	-	-	340,000	73,850
Total	<u>\$70,000</u>	<u>\$6,563</u>	<u>\$595,000</u>	<u>\$240,250</u>

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 13 – LONG-TERM DEBT (Continued)**

Years Ended December 31,	County Courthouse Repair Note		Probate Court Long-Term Note		Forgiveable Debt
	Principal	Interest	Principal	Interest	Principal
2017	75,912	12,744	65,790	11,041	8,750
2018	78,434	10,221	67,976	8,855	8,750
2019	81,040	7,616	70,234	6,597	8,750
2020	83,716	4,939	72,554	4,277	8,750
2021	86,523	2,133	74,988	1,843	8,750
2022-2026	-	-	-	-	43,750
2027-2031	-	-	-	-	43,750
2032-2034	-	-	-	-	18,228
<b>Total</b>	<b>\$405,625</b>	<b>\$37,653</b>	<b>\$351,542</b>	<b>\$32,613</b>	<b>\$149,478</b>

**NOTE 14 – INTERFUND TRANSFERS/ADVANCES**

Interfund cash transfers for the year ended December 31, 2016, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	(\$728,912)
Job and Family Services Fund	82,415	-
Other Governmental Funds	1,568,932	(932,435)
Other Enterprise Funds	10,000	-
<b>Total</b>	<b>\$1,661,347</b>	<b>(\$1,661,347)</b>

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.

	Advances In	Advances Out
General Fund	\$ 71,507	\$ 147,777
Other Governmental Funds	147,777	71,507
	<b>\$ 219,284</b>	<b>\$ 219,284</b>

During the year, the County's General Fund made advances to other funds in anticipation of intergovernmental grant revenue or other revenues. Advances to the General Fund are for repayments of outstanding advances.

**NOTE 15 – SUBSEQUENT EVENT**

No events were noted subsequent to December 31, 2016 which would have a significant effect on the financial statements through the date of this report.

**Brown County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 16 – FUND BALANCE**

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

Fund Balances	General	Developmental Disabilities	Job and Family Services	Real Estate Assessment	Auto and Gas Tax	All Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Unclaimed Monies	\$ 124,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,872
<b>Restricted for</b>							
Other Purposes	-	-	-	-	-	1,574,456	1,574,456
E-911 Services	-	-	-	-	-	246,754	246,754
CSEA	-	-	-	-	-	712,760	712,760
Residential Facility/DD	-	-	-	-	-	580,433	580,433
Real Estate Assessment	-	-	-	2,189,816	-	-	2,189,816
Childen Services	-	-	-	-	-	349,114	349,114
Mental Health	-	-	-	-	-	1,236,941	1,236,941
Auto and Gas Tax	-	-	-	-	1,953,521	-	1,953,521
Public Assistance	-	-	503,530	-	-	-	503,530
Board of DD	-	4,611,723	-	-	-	-	4,611,723
Medicaid Reserve	-	-	-	-	-	1,033,528	1,033,528
Treasurer DTAC	-	-	-	-	-	337,443	337,443
Debt Service Payments	-	-	-	-	-	134,865	134,865
Capital Improvements	-	-	-	-	-	264,861	264,861
Total Restricted	<u>-</u>	<u>4,611,723</u>	<u>503,530</u>	<u>2,189,816</u>	<u>1,953,521</u>	<u>6,471,155</u>	<u>15,729,745</u>
<b>Assigned to</b>							
Other Purposes	<u>388,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,393</u>
Total Assigned	<u>388,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,393</u>
<b>Unassigned</b>							
	<u>3,172,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,172,896</u>
Total Fund Balances	<u>\$ 3,686,161</u>	<u>\$ 4,611,723</u>	<u>\$ 503,530</u>	<u>\$ 2,189,816</u>	<u>\$ 1,953,521</u>	<u>\$ 6,471,155</u>	<u>\$ 19,415,906</u>

**NOTE 17 – 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, 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.