

BROWN COUNTY, MINNESOTA SUMMARY FINANCIAL STATEMENT ANNUAL REPORT

For the Year Ended December 31, 2022

The purpose of this Report is to provide a summary of financial information concerning Brown County for interested citizens. Questions about this report should be directed to Kelly Hotovec, Brown County Auditor-Treasurer, (507) 233-6617.

A FULL AND COMPLETE COPY OF THE COUNTY FINANCIAL STATEMENT IS AVAILABLE AT www.co.brown.mn.us/financial-management UPON REQUEST BY CALLING 507 233-6618, OR BY WRITING TO THE BROWN COUNTY AUDITOR-TREASURER, PO BOX 115, NEW ULM MN 56073.

COUNTY-WIDE FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Brown County exceeded its liabilities and deferred inflows of resources at the close of 2022 by \$138,832,397. Of this amount, \$9,283,868 (unrestricted net position) may be used to meet Brown County's ongoing obligations to citizens and creditors.
- Brown County's total net position increased by \$6,022,861 in 2022, or 4.5 percent.

COUNTY-WIDE FINANCIAL STATEMENTS

The statement of net position presents information on all of Brown County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Brown County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods.

The county-wide financial statements list the functions of Brown County (as seen in 'A User's Guide to County Financial Statements' on right side of this page), principally supported by taxes and intergovernmental revenues, and can be found on Exhibits 1 and 2 (below).

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted in the User's Guide to County Financial Statements (at right), the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and can be found on Exhibits 3 and 5.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$31,083,706, an increase of \$5,164,497 in comparison with the prior year. Of this amount, \$10,565,710 constitutes unassigned fund balance. The remainder of fund balances is nonspendable, restricted, or assigned to indicate that it is not available for new spending.

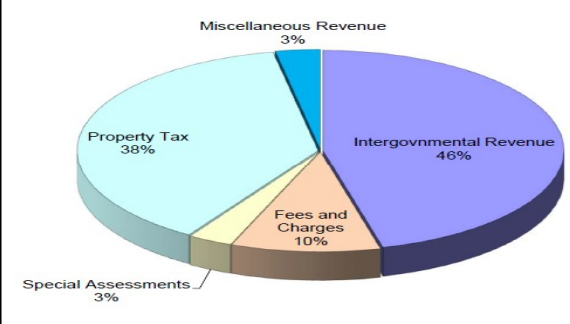
COUNTY OFFICIALS		
Title (representing)	Name	Phone
Commissioner 1st District* (City of New Ulm Ward 1, Precincts 1 and 2 and Ward 4, Precinct 1)	David Borchert	507-354-3295
Commissioner 2nd District* (Twp of Cottonwood, Linden, and Sigel, and City of New Ulm Ward 3, Precinct 1, and Ward 4, Precinct 2)	Anton Berg	507-359-7844
Commissioner 3rd District* (City of New Ulm - Ward 2, Precincts 1 and 2, and Ward 3, Precinct 2)	Scott Windschitl	507-359-1995
Commissioner 4th District* (Twp of Eden, Home, Milford, and Prairieville, and Cities of Evan and Sleepy Eye)	Brian H Braun	507-227-2736
Commissioner 5th District* (Twp of Albin, Bashaw, Burnstown, Lake Hanska, Leavenworth, Mulligan, North Star, Stark, and Stately, Cities of Cobden, Comfrey, Hanska and Springfield)	Jeffrey Veerkamp	507-920-3411
Administrator	Sam Hansen	507-233-6601
Assessor	Anne Grunert	507-233-6610
Attorney*	Charles Hanson	507-233-6690
Auditor-Treasurer	Kelly Hotovec	507-233-6617
Coroner	Terence Knowles, M.D.	507-233-1000
Court Administrator	Carol Weikle	507-441-7020
Highway Engineer	Wayne Stevens	507-233-5700
Human Resources Director	Ruth Schaefer	507-233-6603
Human Services Director	Barb Dietz	507-359-6500
Zoning Administrator	Robert Santaella	507-233-6642
Environmental Specialist	Allison Kletscher	507-233-6641
Probation Director	Evonn Westcott	507-233-6622
Public Health Director	Jaimee Brand	507-233-6812
Recorder*	Mary Schreiner	507-233-6653
Sheriff*	Jason Seidl	507-233-6700
Veterans Service Officer	Greg Peterson	507-233-6637
* Elected Officials		

A User's Guide to County Financial Statements	
The following definitions will help citizens understand the terminology that is used in the county's financial statement.	
Basic Financial Statements Brown County's basic financial statements consist of: government-wide financial statements, fund financial statements, and notes to the financial statements.	
Government-wide financial statements display information about the county's financial reporting entity as a whole, except for its fiduciary activities. Information is included for all funds except for fiduciary-type activities.	
Fund financial statements display separate financial information for the county's governmental and fiduciary funds. Information for governmental funds is presented separately for major funds and the aggregate total for non-major funds. Fiduciary fund information is presented in aggregate by fund type.	
Notes to the financial statements provide additional information and disclosure for information in the financial statements.	
Governmental activities are generally activities of the county financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds.	
Financial reporting entity consists of the primary government (county), organizations for which the county is financially accountable and other organizations for which the nature and significance of their relationship with the county are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a county's financial reporting entity is the primary government, the county.	
Primary government is a term used in connection with defining the financial reporting entity. The primary government is the focus of the financial reporting entity. For the county, the primary government represents the financial activities, funds, or accounts directly under the control of the county board.	
Component unit describes a legally separate organization for which the county board is financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the county are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.	
County Governmental Fund Types The General Fund is the general operating fund of the county. It is used to account for all financial resources, except those that are required to be accounted for in another fund.	
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes.	
Building and Capital Improvements Funds are used to account for financial resources to be used for capital outlay and maintenance.	
County Fiduciary Funds Fiduciary Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds; for examples, taxes collected and held by a county for a school district.	
Character Classification of County Expenditures The county's governmental expenditures are classified by character of the period's expenditures are presumed to benefit. The county has the following character classifications: <ul style="list-style-type: none"> Current operating expenditures are presumed to benefit the current fiscal period. Capital outlays are presumed to benefit current and future fiscal periods and include amounts expended for the construction or acquisition of county capital assets. Debt services are presumed to benefit prior fiscal periods as well as current and future periods and includes amounts expended for the payment of principal, interest, and other costs associated with debt. Intergovernmental represents resources transferred by the county to other governments. 	
Classification of County Functions Functions are a group of related activities aimed at accomplishing a major service or regulatory program for which the county is responsible. The county has the following function classifications: <ul style="list-style-type: none"> The General Government function include expenditures for general county activities such as, the county commissioners, county administration, county attorney's office, county auditor-treasurer's office, the planning and zoning office, and other general service offices. Public Safety relates to the objective of protection of persons and property and includes expenditures for corrections activities, operations of the sheriff's department, the county jail, and emergency services. Highway and Streets includes expenditures relating to the construction and maintenance of county highways and streets. Sanitation involves expenditures for the removal and disposal of waste and includes county solid waste collection and disposal, and recycling programs. Human Services represents activities designed to provide public assistance and institutional care for individuals unable to provide essential needs for themselves. These programs include child support collections, child welfare, chemical dependency, medical assistance, and others. Health involves all activities involved in the conservation and improvement of public health. This function includes expenditures for the county public health department, home health aid services, other nursing services, maternal and child health, supplemental nutrition programs, and programs to protect public and private water systems. Culture and Recreation involves cultural and recreational activities maintained for the benefit of county residents and visitors. These activities include county libraries, parks, and other recreational programs. Conservation of Natural Resources involves activities designed to conserve and develop such natural resources as water, soil, and forests and includes such programs as soil and water conservation, county extension, water, planning, and others. Economic Development activities are directed toward economically developing the area encompassed by the county and providing assistance to, and opportunity for, economically disadvantaged person or businesses. 	

A PROFILE OF BROWN COUNTY

Key Indicator	Total 2021	Total 2022	Percent Increase/(Decrease)
Estimated Population	25,790	25,756	-0.13%
Total Tax Capacity	\$33,557,591	\$34,062,808	1.51%
Percent of Property Taxes Collected	99.60%	99.61%	0.01%
Total General Revenues	\$23,276,036	\$18,481,575	-20.60%
Total Program Revenues	\$24,598,083	\$24,440,392	-0.64%
Total Expenses Governmental activities	\$35,515,631	\$36,899,106	3.90%
Capital Assets Governmental activities	\$115,559,687	\$119,562,460	3.46%
Total Outstanding Net Bonded Debt of County			
General Obligation	\$3,080,000	\$2,600,000	15.58%
Total Government-Wide Net Position			
Governmental activities	\$132,809,536	\$138,832,397	4.53%
Total Number of Full-Time Employees	224	225	0.45%

Where it comes from...



Where it goes...

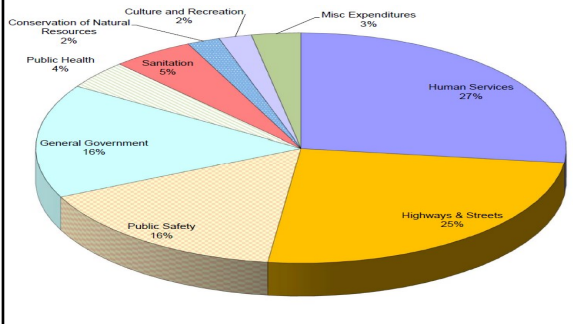


EXHIBIT 1

BROWN COUNTY STATEMENT OF NET POSITION DECEMBER 31, 2022			
Assets		Deferred Inflows of Resources	
Cash and pooled investments	\$ 27,880,501	Prepaid property taxes	\$ 30,891
Restricted investments	3,033,866	Deferred pension inflows	580,285
Taxes receivable		Deferred other postemployment benefits inflows	140,106
Prior	102,772		
Special assessments receivable		Total Deferred Inflows of Resources	\$ 751,282
Prior	22,333		
Current	137,552	Net Position	
Non-current	182,123	Net investment in capital assets	\$ 116,816,607
Accounts receivable - net	1,475,473	Restricted for	
Accrued interest receivable	27,486	General government	683,581
Due from other governments	2,809,841	Public safety	675,072
Prepaid items	226,004	Highways and streets	2,665,268
Investment in joint venture	4,691,841	Sanitation	39,887
Capital assets		Human services	5,393,206
Non-depreciable	9,006,555	Conservation of natural resources	1,859,639
Depreciable - net of accumulated depreciation	110,555,905	Optoid epidemic response	686,586
Total Assets	\$ 160,152,252	Landfill closure/postclosure	728,683
		Unrestricted	9,283,868
		Total Net Position	\$ 138,832,397
Deferred Outflows of Resources			
Deferred pension outflows	\$ 7,913,210		
Deferred other postemployment benefits outflows	89,110		
Total Deferred Outflows of Resources	\$ 8,002,320		
Liabilities			
Accounts payable	\$ 809,054		
Salaries payable	754,738		
Contracts payable	90,741		
Due to other governments	332,440		
Accrued interest payable	15,556		
Unearned revenue	29,019		
Long-term liabilities			
Due within one year	738,952		
Due in more than one year	6,373,589		
Net pension liability	18,695,799		
Other postemployment benefits liability - Due within one year	33,783		
Other postemployment benefits liability - Due in more than one year	697,222		
Total Liabilities	\$ 28,570,893		

EXHIBIT 2

BROWN COUNTY STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022					
Functions/Programs	Expenses	Fees, Charges, Fines, and Other	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government					
Governmental activities					
General government	\$ 7,098,004	\$ 1,529,595	\$ 288,290	\$ -	\$ (5,280,119)
Public safety	7,506,561	216,232	1,043,214	-	(6,247,115)
Highways and streets	7,945,055	788,967	7,651,654	-	495,566
Sanitation	1,081,702	2,320,202	114,740	-	1,353,240
Human services	10,173,633	1,091,238	6,902,302	-	(2,180,093)
Health	1,791,768	357,836	873,178	-	(560,754)
Culture and recreation	646,402	16,294	150,882	-	(479,226)
Conservation of natural resources	594,765	1,021,686	74,082	-	501,003
Economic development	14,200	-	-	-	(14,200)
Interest	47,016	-	-	-	(47,016)
Total Governmental Activities	\$ 36,899,106	\$ 7,342,050	\$ 17,098,342	\$ -	\$ (12,458,714)
General Revenues					
Property taxes				\$ 14,201,175	
Taxes-Local transit sales taxes				2,409,681	
Taxes-Wheelage				588,165	
Grants and contributions not restricted to specific programs				1,681,754	
Payments in lieu of tax				32,597	
Investment income				(580,348)	
Miscellaneous				148,551	
Total general revenues				\$ 18,481,575	
Change in net position				\$ 6,022,861	
Net Position - January 1				132,809,536	
Net Position - December 31				\$ 138,832,397	

BROWN COUNTY, MINNESOTA SUMMARY FINANCIAL STATEMENT ANNUAL REPORT For the Year Ended December 31, 2022

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2022

EXHIBIT 3

Table with columns for Asset categories (Cash and pooled investments, Restricted investments, etc.) and Liabilities/Deferred Inflows of Resources (Accounts payable, Salaries payable, etc.), totaling \$36,291,816.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT 5

Table showing Revenues (Taxes, Special assessments, Licenses and permits, etc.), Expenditures (General government, Public safety, Highways and streets, etc.), and Fund Balance changes, totaling \$31,083,706.

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2022

EXHIBIT 7

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT 8

FINANCIAL HIGHLIGHTS OF THE COUNTY'S FUNDS

The General Fund is the chief operating fund of Brown County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,945,822, while total General Fund balance was \$13,324,694.

The Road and Bridge Special Revenue Fund reported an increase in fund balance of \$1,867,600. This increase in fund balance is a result of decreased construction expenses during 2022.

The Human Services Special Revenue Fund balance decreased by \$13,288. This decrease is the result of expenditures being slightly greater than revenues.

The Opioid Remediation Special Revenue Fund was established in 2021 to be used to account for the financial activity related to the County's share of the national opioid settlement agreement.

The Landfill Special Revenue Fund's fund balance increased by \$493,862. This increase was mainly due to less expenditures as there was no large maintenance to the landfill cells during the current year.

The County Ditch Fund's fund balance increased by \$1,275,882. This increase was a result of taxpayers paying down their certified assessments during 2022.

Table showing Social Welfare Private Purpose Trust Fund and Custodial Funds assets (Cash and pooled investments, Due from other governments, etc.) and liabilities (Accounts payable, Due to other governments, etc.), totaling \$492,037.

BROWN COUNTY VENDORS PAID \$5,000 OR MORE DURING 2022

Large table listing Vendor Name, Amount, Vendor Name, Amount, Vendor Name, Amount, Vendor Name, Amount, Vendor Name, Amount, and Vendor Name, Amount. Lists hundreds of vendors such as A H Hermel Company, AC Wholesalers, Adams Lawn Care, etc.

