



Mary Taylor, CPA  
Auditor of State



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mercer County Commissioners  
Central Services Building  
220 West Livingston Street  
Celina, Ohio 45822

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit Note 16 which discloses financial information for the County's component unit. Note 16 was audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to Note 16 is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the report of the other auditors provide a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes (except Note 16) follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

The financial statements do not include financial data for the C.A. Group (a component unit). Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the county. The county has chosen to report the component unit financial data in Note 16. As a result, the basic financial statements omit the assets, liabilities, net assets, revenues and expenditures of the component unit.

In our opinion, because of the omission from the financial statements of the component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 2, the financial position of the C.A Group (component unit) as of December 31, 2009, and its changes in financial position for the year ended.

Finally, in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Motor Vehicle Fund, and Developmental Disabilities Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

August 4, 2010

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED**

The discussion and analysis of Mercer County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2009, within the limitations of cash basis accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

**Using this Annual Report**

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

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 generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the County's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole County.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all other nonmajor funds presented in total in a single column. The County's major funds are the General, Motor Vehicle, Developmental Disabilities, Adult Detention Facility, County Home, and Sanitary Sewer funds.

**Reporting the County as a Whole**

The statement of net assets and the statement of activities reflect how the County did financially during 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each department of the County's governmental and business-type activities. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each department draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Factors which contribute to these changes may also include the County's property tax base and other factors.

In the statement of net assets and the statement of activities, the County is divided into two distinct types of activities:

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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(Continued)**

Governmental Activities - Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, capital outlay, and debt service. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared receipts.

Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The County's nursing home, sanitary sewer, water, solid waste services, and ambulance services are reported here.

**Reporting the County's Most Significant Funds**

Fund financial statements provide detailed information about the County's major funds, the General, Motor Vehicle, Developmental Disabilities, Adult Detention Facility, County Home, and Sanitary Sewer funds. While the County uses many funds to account for its financial transactions, these are the most significant.

**Governmental Funds** - The County's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided.

**Enterprise Funds** - The County's enterprise funds are used to report the operating activity of the business-type activities on the government-wide financial statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the County's programs.

**Government-Wide Financial Analysis**

Table 1 provides a summary of the County's net assets for 2009 and 2008.

**Table 1  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Assets:</b>						
Current and Other Assets	\$8,825,607	\$17,633,629	\$3,586,622	\$3,508,425	\$12,412,229	\$21,142,054
<b>Net Assets:</b>						
Restricted	7,451,056	15,613,540			7,451,056	15,613,540
Unrestricted	1,374,551	2,020,089	3,586,622	3,508,425	4,961,173	5,528,514
Total Net Assets	\$8,825,607	\$17,633,629	\$3,586,622	\$3,508,425	\$12,412,229	\$21,142,054

Note the significant decrease in current and other assets as well as in restricted net assets for governmental activities. In 2008, the County issued \$10.5 million in general obligation bonds for the construction of an adult detention facility. During 2009, over \$9 million was spent on construction. In addition, due to economic conditions, the County had to use cash carryover spending resulting in the decrease in unrestricted net assets.

There was little change in net assets for business-type activities.



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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Table 2 reflects the change in net assets for 2009 and 2008.

**Table 2  
Change in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services	\$3,916,081	\$ 4,060,728	\$2,280,936	\$2,173,319	\$ 6,197,017	\$ 6,234,047
Operating Grants, Contributions, and Interest	16,422,999	14,874,216	173,837	169,889	16,596,836	15,044,105
Capital Grants, Contributions And Interest		169,286				169,286
Total Program Receipts	<u>20,339,080</u>	<u>19,104,230</u>	<u>2,454,773</u>	<u>2,343,208</u>	<u>22,793,853</u>	<u>21,447,438</u>
<b>General Receipts:</b>						
<b>Property Taxes:</b>						
General Operating	1,715,082	1,688,892			1,715,082	1,688,892
Human Services - Developmental Disabilities	3,563,936	3,783,329			3,563,936	3,783,329
County Home			587,960	622,905	587,960	622,905
<b>Sales Taxes:</b>						
General Operating	3,647,091	4,006,063			3,647,091	4,006,063
Adult Detention Facility	1,815,530	1,047,123			1,815,530	1,047,123
Grants and Entitlements	1,255,699	1,338,829			1,255,699	1,338,829
Interest	621,520	714,226			621,520	714,226
Other	2,075,880	1,954,747	65,345	84,774	2,141,225	2,039,521
Notes Issued	2,866,200	2,623,500			2,866,200	2,623,500
Bonds Issued		10,500,000				10,500,000
Loans Issued	457,500	248,954	402,161	1,093,426	859,661	1,342,380
Premium on Bonds Issued		212,144				212,144
Total General Receipts	<u>18,018,438</u>	<u>28,117,807</u>	<u>1,055,466</u>	<u>1,801,105</u>	<u>19,073,904</u>	<u>29,918,912</u>
Total Receipts	<u>38,357,518</u>	<u>47,222,037</u>	<u>3,510,239</u>	<u>4,144,313</u>	<u>41,867,757</u>	<u>51,366,350</u>
<b>Program Disbursements:</b>						
<b>General Government:</b>						
Legislative and Executive	4,863,112	5,183,619			4,863,112	5,183,619
Judicial	1,412,187	1,444,370			1,412,187	1,444,370
Public Safety	5,024,207	4,085,527			5,024,207	4,085,527
Public Works	8,723,373	8,115,258			8,723,373	8,115,258
Health	324,958	338,042			324,958	338,042
Human Services	12,713,874	12,536,695			12,713,874	12,536,695
Conservation and Recreation	244,152	231,536			244,152	231,536
Economic Development and Assistance	909,559	28,445			909,559	28,445
Capital Outlay	9,714,224	4,964,540			9,714,224	4,964,540

(Continued)

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Table 2  
Change in Net Assets  
(Continued)**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Program Disbursements:</b>						
<b>Debt Service:</b>						
Principal Retirement	2,668,163	1,652,792			2,668,163	1,652,792
Interest and Fiscal Charges	599,675	406,084			599,675	406,084
Issuance Costs		235,000				235,000
County Home			706,853	744,201	706,853	744,201
Sanitary Sewer			1,820,459	1,958,284	1,820,459	1,958,284
<b>Other Enterprise:</b>						
Water				12,016		12,016
Solid Waste			191,816	233,589	191,816	233,589
Ambulance			680,970	830,743	680,970	830,743
<b>Total Disbursements</b>	<u>47,197,484</u>	<u>39,221,908</u>	<u>3,400,098</u>	<u>3,778,833</u>	<u>50,597,582</u>	<u>43,000,741</u>
Increase (Decrease) in Net Assets Before Advances	(8,839,966)	8,000,129	110,141	365,480	(8,729,825)	8,365,609
Advances	31,944	12,114	(31,944)	(12,114)		
<b>Change in Net Assets</b>	<u>(8,808,022)</u>	<u>8,012,243</u>	<u>78,197</u>	<u>353,366</u>	<u>(8,729,825)</u>	<u>8,365,609</u>
<b>Net Assets at Beginning of Year</b>	<u>17,633,629</u>	<u>9,621,386</u>	<u>3,508,425</u>	<u>3,155,059</u>	<u>21,142,054</u>	<u>12,776,445</u>
<b>Net Assets at End of Year</b>	<u>\$8,825,607</u>	<u>\$17,633,629</u>	<u>\$3,586,622</u>	<u>\$3,508,425</u>	<u>\$12,412,229</u>	<u>\$21,142,054</u>

For governmental activities program receipts, the most significant change is reflected in operating grants, contributions, and interest. The increase is the result of the receipt of additional federal grant resources in 2009.

A number of factors contributed to the sizable decrease in general receipts for governmental activities including the issuance of \$10.5 million of bonds in 2008. Due to the downturn in economic conditions, there was also a decrease in sales taxes for general operations; however, sales taxes for the adult detention facility increased; this increase due to 2009 being the first full year of collection. The other significant factor was that in 2008 the County issued \$10.5 million in general obligation bonds.

Several governmental activities programs had significant changes from the prior year. Increases in both the public safety and capital outlay programs reflect acquisitions and construction related to the new Adult Detention Facility. The increase in economic development and assistance was due to an increase in revolving loan projects.

The programs which continue to account for the largest costs are legislative and executive (which are general government operations), public safety (sheriff), public works (engineer), and human services (primarily job and family services and development disabilities). These programs accounted for 66 percent of governmental disbursements in 2009.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

Business-type activities are largely funded through program receipts. During 2009, business-type activities program receipts did not change significantly. For general receipts, there was a decrease in sales tax receipts for the County Home, again a reflection of the impact of recent economic conditions. In 2008, OWDA loans were issued for the construction of Northwood sewer system, the Marion Township sewer system, and the West Jefferson Township sewer system. While additional proceeds were received for each of these projects in 2009, the proceeds were less than received in the prior year. Disbursements related to these projects were also less in 2009 as reflected in the Sanitary Sewer Fund. Disbursements decreased in the Solid Waste Fund due to costs incurred in the prior year for consultant fees related to the new Solid Waste Plan and for payments made to Ohio Recycling. The decrease in disbursements for the Ambulance Fund was due to an ambulance purchased in 2008.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted intergovernmental receipts.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>General Government:</b>				
Legislative and Executive	\$ 4,863,112	\$ 5,183,619	\$ 3,359,145	\$ 3,541,994
Judicial	1,412,187	1,444,370	743,003	764,069
Public Safety	5,024,207	4,085,527	2,723,406	3,031,243
Public Works	8,723,373	8,115,258	698,211	(100,987)
Health	324,958	338,042	249,461	270,425
Human Services	12,713,874	12,536,695	5,050,372	5,215,617
Conservation and Recreation	244,152	231,536	242,935	226,042
Economic Development and Assistance	909,559	28,445	809,809	(89,141)
Capital Outlay	9,714,224	4,964,540	9,714,224	4,964,540
<b>Debt Service:</b>				
Principal Retirement	2,668,163	1,652,792	2,668,163	1,652,792
Interest and Fiscal Charges	599,675	406,084	599,675	406,084
Issuance Costs		235,000		235,000
<b>Total Disbursements</b>	<b>\$47,197,484</b>	<b>\$39,221,908</b>	<b>\$26,858,404</b>	<b>\$20,117,678</b>

For 2009, 57 percent of the services provided by the County were paid for through general receipts, compared to 51 percent in 2008. The increase in services provided through general receipts is principally related to debt service. However, a review of the above table demonstrates that program receipts contributed significantly to several programs. The public safety program was able to obtain significantly more grants in 2009, \$1.2 million more than in the prior year. Charges for services for the public works program consist of work performed by the County Engineer for townships and villages within the County. The public works program also receives a significant amount of operating grants and contributions from state levied shared gas taxes and motor vehicle licenses. The human services program receives substantial support through various grant programs.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Governmental Funds Financial Analysis**

The County's major governmental funds are the General Fund, the Motor Vehicle and Developmental Disabilities special revenue funds, and the Adult Detention Facility capital projects fund.

For 2009, the General Fund had a 30 percent decrease in fund balance. The poor economy contributed to a 9 percent decrease in receipts. Although the County was able to reduce disbursements by 7 percent, cash carryover spending was needed to meet operating costs for the year.

Fund balance decreased 16 percent in the Motor Vehicle Fund; receipts were down slightly from the prior year; however, disbursements increased slightly.

Fund balance decreased 27 percent in the Developmental Disabilities Fund. Even though receipts and disbursements were comparable to 2008, disbursements exceeded receipts for the year, resulting in the decrease.

The fund balance in the Adult Detention Facility Fund decreased over 91 percent as resources were spent on construction of the new adult detention facility.

**Business-Type Activities Financial Analysis**

During 2009, net assets in the County Home Fund increased a little over 40 percent. Although the increase in revenues was less than 1 percent and the increase in expenses was 5 percent, revenues continue to exceed operating costs.

The Sanitary Sewer Fund has been operating at a loss since 2006. Rates were increased in 2007; however, the fund continues to have expenses in excess of the revenues it receives.

**Budgetary Highlights**

The County prepares an annual budget of receipts and disbursements for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January.

The County's most significant budgeted fund is the General Fund. Changes in receipts from the original budget to the final budget and from the final budget to the actual receipts were not significant. Changes from the original budget to the final budget for disbursements were not significant. Changes from the final budget to actual disbursements reflect a decrease of a little over \$1.1 million, with the most significant decrease being in the legislative and executive program.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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**Current Issues**

The contract for Phase III of the East Jefferson Sanitary Sewer Extension and the Northwood Subdivision Sanitary Sewer Replacement was awarded in January 2010. The project is under construction and the final completion date is May 2011. The project is estimated to cost a little over \$2.3 million. The County was awarded an ARRA Federal Stimulus Grant, in the amount of \$1,050,000. The balance of the project will be financed with a Water Pollution Control Loan for 20 years and zero percent interest.

The contract for the Marion Township Sanitary Sewer Project was awarded in February 2010. The project is for the construction of a sanitary sewer collection system for Marion Township and will be substantially completed by February 2011. The County secured \$500,000 in grant funds through the CDBG Water and Sewer Program, along with a \$100,000 grant for low income housing assistance. Furthermore, the County has secured an OWDA loan for \$2.4 million for 20 years and a 1 percent interest rate.

On January 4, 2010, the County took possession of the newly constructed adult detention facility. Two bonds were issued to construct and equip this facility. Bonds were issued in 2008, in the amount of \$10.5 million. In February 2010, additional bonds were issued, in the amount \$2,535,000. Both bond issues mature in December 2022.

In March 2010, the County submitted the Montezuma Club Island (MCI) WWTP Improvement Project to the Ohio Water Pollution Control Loan Fund to be placed on their 2010 project list for funding, in the amount of \$1,500,000. This project involves the creation of an additional lagoon cell at the MCI Wastewater Treatment Plant.

**Request for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Mark R. Giesige, County Auditor, 101 North Main Street, Room 105, Celina, Ohio 45822.

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**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2009**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$8,452,090	\$3,586,622	\$12,038,712
Cash and Cash Equivalents in Segregated Accounts	5,597		5,597
Cash and Cash Equivalents with Fiscal Agent	154,730		154,730
Cash and Cash Equivalents with Escrow Agent	213,190		213,190
Total Assets	<u>8,825,607</u>	<u>3,586,622</u>	<u>12,412,229</u>
<b>Net Assets:</b>			
<b>Restricted for:</b>			
Debt Service	88,663		88,663
Capital Projects	926,820		926,820
Other Purposes	6,435,573		6,435,573
Unrestricted	1,374,551	3,586,622	4,961,173
Total Net Assets	<u>\$8,825,607</u>	<u>\$3,586,622</u>	<u>\$12,412,229</u>

*See accompanying notes to the basic financial statements.*

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Program Receipts</u>		
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
<b>Governmental Activities:</b>			
<b>General Government:</b>			
Legislative and Executive	\$4,863,112	\$1,461,238	\$42,729
Judicial	1,412,187	617,314	51,870
Public Safety	5,024,207	466,810	1,833,991
Public Works	8,723,373	1,097,722	6,927,440
Health	324,958	75,497	
Human Services	12,713,874	197,500	7,466,002
Conservation and Recreation	244,152		1,217
Economic Development and Assistance	909,559		99,750
Capital Outlay	9,714,224		
<b>Debt Service:</b>			
Principal Retirement	2,668,163		
Interest and Fiscal Charges	599,675		
Total Governmental Activities	<u>47,197,484</u>	<u>3,916,081</u>	<u>16,422,999</u>
<b>Business-Type Activities:</b>			
County Home	706,853	143,289	153,566
Sanitary Sewer	1,820,459	1,160,299	7,447
Other Enterprise Water		25,036	
Solid Waste	191,816	181,929	
Ambulance	680,970	770,383	12,824
Total Business-Type Activities	<u>3,400,098</u>	<u>2,280,936</u>	<u>173,837</u>
Total	<u>\$50,597,582</u>	<u>\$6,197,017</u>	<u>\$16,596,836</u>

**General Receipts:**

**Property Taxes Levied for:**

General Operating  
Human Services - Developmental Disabilities  
County Home

**Sales Taxes:**

General Operating  
Adult Detention Facility  
Grants and Entitlements not Restricted to Other Programs  
Interest  
Other  
Notes Issued  
OPWC Loans Issued  
OWDA Loans Issued  
Total General Receipts

Advances

Total General Receipts and Advances

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

*See accompanying notes to the basic financial statements.*



**Net (Disbursements) Receipts and  
Change in Net Assets**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$3,359,145)		(\$3,359,145)
(743,003)		(743,003)
(2,723,406)		(2,723,406)
(698,211)		(698,211)
(249,461)		(249,461)
(5,050,372)		(5,050,372)
(242,935)		(242,935)
(809,809)		(809,809)
(9,714,224)		(9,714,224)
(2,668,163)		(2,668,163)
(599,675)		(599,675)
<u>(26,858,404)</u>		<u>(26,858,404)</u>
	(\$409,998)	(409,998)
	(652,713)	(652,713)
	25,036	25,036
	(9,887)	(9,887)
	102,237	102,237
	<u>(945,325)</u>	<u>(945,325)</u>
<u>(26,858,404)</u>	<u>(945,325)</u>	<u>(27,803,729)</u>
1,715,082		1,715,082
3,563,936		3,563,936
	587,960	587,960
3,647,091		3,647,091
1,815,530		1,815,530
1,255,699		1,255,699
621,520		621,520
2,075,880	65,345	2,141,225
2,866,200		2,866,200
457,500		457,500
	402,161	402,161
<u>18,018,438</u>	<u>1,055,466</u>	<u>19,073,904</u>
31,944	(31,944)	
<u>18,050,382</u>	<u>1,023,522</u>	<u>19,073,904</u>
(8,808,022)	78,197	(8,729,825)
<u>17,633,629</u>	<u>3,508,425</u>	<u>21,142,054</u>
<u>\$8,825,607</u>	<u>\$3,586,622</u>	<u>\$12,412,229</u>

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<b>General</b>	<b>Motor Vehicle</b>	<b>Developmental Disabilities</b>	<b>Adult Detention Facility</b>	<b>Other Governmental</b>	<b>Total</b>
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,374,551	\$688,969	\$1,522,844	\$484,731	\$4,273,842	\$8,344,937
Cash and Cash Equivalents in Segregated Accounts					5,597	5,597
Cash and Cash Equivalents with Fiscal Agent			154,730			154,730
<b>Restricted Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	107,153					107,153
Cash and Cash Equivalents with Escrow Agent				213,190		213,190
<b>Total Assets</b>	<u>1,481,704</u>	<u>688,969</u>	<u>1,677,574</u>	<u>697,921</u>	<u>4,279,439</u>	<u>8,825,607</u>
<b>Fund Balances:</b>						
Reserved for Encumbrances	197,955	459,766	292,536	278,878	1,389,200	2,618,335
Reserved for Unclaimed Monies	107,153					107,153
<b>Unreserved, Reported in:</b>						
General Fund	1,176,596					1,176,596
Special Revenue Funds		229,203	1,385,038		3,044,077	4,658,318
Debt Service Funds					88,663	88,663
Capital Projects Funds (Deficit)				419,043	(242,501)	176,542
<b>Total Fund Balances</b>	<u>\$1,481,704</u>	<u>\$688,969</u>	<u>\$1,677,574</u>	<u>\$697,921</u>	<u>\$4,279,439</u>	<u>\$8,825,607</u>

See accompanying notes to the basic financial statements.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility	Other Governmental	Total
<b>Receipts:</b>						
Property Taxes	\$1,715,082		\$3,563,936			\$5,279,018
Sales Taxes	3,647,091			\$1,815,530		5,462,621
Special Assessments					\$368,824	368,824
Charges for Services	1,420,617	\$671,989	111,159		1,064,345	3,268,110
Licenses and Permits	2,883				168,533	171,416
Fines and Forfeitures	49,063	31,328			17,814	98,205
Intergovernmental	1,299,238	6,339,237	1,873,058		8,037,336	17,548,869
Interest	505,567	12,457		115,126	100,680	733,830
Donations			8,611		8,908	17,519
Other	484,697	129,692	40,921	238,878	1,191,218	2,085,406
<b>Total Receipts</b>	<b>9,124,238</b>	<b>7,184,703</b>	<b>5,597,685</b>	<b>2,169,534</b>	<b>10,957,658</b>	<b>35,033,818</b>
<b>Disbursements:</b>						
<b>Current:</b>						
<b>General Government:</b>						
Legislative and Executive	4,201,972				661,140	4,863,112
Judicial	1,125,762				286,425	1,412,187
Public Safety	2,880,932				2,143,275	5,024,207
Public Works	199,531	7,739,594			784,248	8,723,373
Health	261,813				63,145	324,958
Human Services	378,113		6,031,192		6,304,569	12,713,874
Conservation and Recreation	232,772				11,380	244,152
Economic Development and Assistance	1,000				908,559	909,559
Capital Outlay				9,362,789	351,435	9,714,224
<b>Debt Service:</b>						
Principal Retirement					2,668,163	2,668,163
Interest and Fiscal Charges					599,675	599,675
<b>Total Disbursements</b>	<b>9,281,895</b>	<b>7,739,594</b>	<b>6,031,192</b>	<b>9,362,789</b>	<b>14,782,014</b>	<b>47,197,484</b>
Excess of Receipts Under Disbursements	(157,657)	(554,891)	(433,507)	(7,193,255)	(3,824,356)	(12,163,666)
<b>Other Financing Sources (Uses):</b>						
Notes Issued				963,580	1,902,620	2,866,200
OPWC Loans Issued		457,500				457,500
Advances In	76,589	12,701			113,627	202,917
Advances Out	(99,991)	(2,600)			(68,382)	(170,973)
Transfers In					1,713,323	1,713,323
Transfers Out	(445,655)	(45,663)	(200,000)	(953,613)	(68,392)	(1,713,323)
<b>Total Other Financing Sources (Uses)</b>	<b>(469,057)</b>	<b>421,938</b>	<b>(200,000)</b>	<b>9,967</b>	<b>3,592,796</b>	<b>3,355,644</b>
Changes in Fund Balances	(626,714)	(132,953)	(633,507)	(7,183,288)	(231,560)	(8,808,022)
Fund Balances at Beginning of Year	2,108,418	821,922	2,311,081	7,881,209	4,510,999	17,633,629
Fund Balances at End of Year	<u>\$1,481,704</u>	<u>\$688,969</u>	<u>\$1,677,574</u>	<u>\$697,921</u>	<u>\$4,279,439</u>	<u>\$8,825,607</u>

See accompanying notes to the basic financial statements.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$1,612,000	\$1,612,000	\$1,791,785	\$179,785
Sales Taxes	3,800,000	3,800,000	3,647,091	(152,909)
Charges for Services	1,349,253	1,350,253	1,435,307	85,054
Licenses and Permits	2,500	2,500	2,883	383
Fines and Forfeitures	49,000	49,000	48,986	(14)
Intergovernmental	1,280,000	1,280,810	1,299,238	18,428
Interest	500,000	500,000	505,567	5,567
Other	630,029	479,029	484,869	5,840
Total Receipts	<u>9,222,782</u>	<u>9,073,592</u>	<u>9,215,726</u>	<u>142,134</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	5,365,768	5,168,689	4,276,049	892,640
Judicial	1,190,533	1,183,705	1,158,553	25,152
Public Safety	3,207,454	3,164,850	2,950,448	214,402
Public Works	166,866	167,541	200,005	(32,464)
Health	263,336	263,336	261,813	1,523
Human Services	495,779	440,779	383,920	56,859
Conservation and Recreation	232,772	232,772	232,772	
Economic Development and Assistance	1,000	1,000	1,000	
Total Disbursements	<u>10,923,508</u>	<u>10,622,672</u>	<u>9,464,560</u>	<u>1,158,112</u>
Excess of Receipts Under Disbursements	<u>(1,700,726)</u>	<u>(1,549,080)</u>	<u>(248,834)</u>	<u>1,300,246</u>
<b>Other Financing Sources (Uses):</b>				
Advances In	43,852	43,852	76,589	32,737
Advances Out		(18,991)	(99,991)	(81,000)
Transfers Out	(165,097)	(445,655)	(445,655)	
Total Other Financing Sources (Uses)	<u>(121,245)</u>	<u>(420,794)</u>	<u>(469,057)</u>	<u>(48,263)</u>
Changes in Fund Balance	(1,821,971)	(1,969,874)	(717,891)	1,251,983
Fund Balance at Beginning of Year	1,671,590	1,671,590	1,671,590	
Prior Year Encumbrances Appropriated	<u>284,695</u>	<u>284,695</u>	<u>284,695</u>	
Fund Balance at End of Year	<u>\$134,314</u>	<u>(\$13,589)</u>	<u>\$1,238,394</u>	<u>\$1,251,983</u>

See accompanying notes to the basic financial statements.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
MOTOR VEHICLE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Charges for Services	\$1,022,545	\$1,022,545	\$671,989	(\$350,556)
Fines and Forfeitures	36,400	36,400	31,354	(5,046)
Intergovernmental	9,788,221	9,788,221	6,339,237	(3,448,984)
Interest			12,457	12,457
Other	61,050	61,050	129,692	68,642
Total Receipts	<u>10,908,216</u>	<u>10,908,216</u>	<u>7,184,729</u>	<u>(3,723,487)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Public Works	11,232,185	11,622,761	8,194,367	3,428,394
Excess of Receipts Under Disbursements	<u>(323,969)</u>	<u>(714,545)</u>	<u>(1,009,638)</u>	<u>(295,093)</u>
<b>Other Financing Sources (Uses):</b>				
OPWC Loans Issued			457,500	457,500
Advances In			12,701	12,701
Advances Out		(2,600)	(2,600)	
Transfers Out	(31,391)	(49,605)	(45,663)	3,942
Total Other Financing Sources (Uses)	<u>(31,391)</u>	<u>(52,205)</u>	<u>421,938</u>	<u>474,143</u>
Changes in Fund Balance	(355,360)	(766,750)	(587,700)	179,050
Fund Balance at Beginning of Year	194,601	194,601	194,601	
Prior Year Encumbrances Appropriated	<u>616,212</u>	<u>616,212</u>	<u>616,212</u>	
Fund Balance at End of Year	<u>\$455,453</u>	<u>\$44,063</u>	<u>\$223,113</u>	<u>\$179,050</u>

*See accompanying notes to the basic financial statements.*

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
DEVELOPMENTAL DISABILITIES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property Taxes	\$3,580,000	\$3,580,000	\$3,741,611	\$161,611
Charges for Services	85,000	85,000	111,159	26,159
Intergovernmental	1,625,000	1,625,000	1,735,767	110,767
Donations	3,000	3,000	8,611	5,611
Other	20,000	20,000	17,276	(2,724)
Total Receipts	<u>5,313,000</u>	<u>5,313,000</u>	<u>5,614,424</u>	<u>301,424</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Human Services	<u>6,888,133</u>	<u>6,818,962</u>	<u>5,830,096</u>	<u>988,866</u>
Excess of Receipts Under Disbursements	(1,575,133)	(1,505,962)	(215,672)	1,290,290
<b>Other Financing Uses:</b>				
Transfers Out	<u>                    </u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>                    </u>
Changes in Fund Balance	(1,575,133)	(1,705,962)	(415,672)	1,290,290
Fund Balance at Beginning of Year	1,426,572	1,426,572	1,426,572	
Prior Year Encumbrances Appropriated	<u>174,933</u>	<u>174,933</u>	<u>174,933</u>	
Fund Balance at End of Year	<u>\$26,372</u>	<u>(\$104,457)</u>	<u>\$1,185,833</u>	<u>\$1,290,290</u>

*See accompanying notes to the basic financial statements.*

MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS  
ENTERPRISE FUNDS  
DECEMBER 31, 2009

	<u>County Home</u>	<u>Sanitary Sewer</u>	<u>Other Enterprise</u>	<u>Total</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$753,385</u>	<u>\$1,651,280</u>	<u>\$1,181,957</u>	<u>\$3,586,622</u>
<b>Net Assets:</b>				
Unrestricted	<u>\$753,385</u>	<u>\$1,651,280</u>	<u>\$1,181,957</u>	<u>\$3,586,622</u>

*See accompanying notes to the basic financial statements.*

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - CASH BASIS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>County Home</u>	<u>Sanitary Sewer</u>	<u>Other Enterprise</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Charges for Services	\$143,289	\$1,160,299	\$977,348	\$2,280,936
Other	37,773	23,575	3,997	65,345
Total Operating Revenues	<u>181,062</u>	<u>1,183,874</u>	<u>981,345</u>	<u>2,346,281</u>
<b>Operating Expenses:</b>				
Personal Services	384,901	287,734	211,651	884,286
Contractual Services	221,084	1,126,414	548,640	1,896,138
Materials and Supplies	100,868	176,667	112,495	390,030
<b>Debt Service:</b>				
Principal Retirement		188,209		188,209
Total Operating Expenses	<u>706,853</u>	<u>1,779,024</u>	<u>872,786</u>	<u>3,358,663</u>
Operating Income (Loss)	<u>(525,791)</u>	<u>(595,150)</u>	<u>108,559</u>	<u>(1,012,382)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Property Taxes	587,960			587,960
Grants	153,566	7,447	9,500	170,513
Donations			3,324	3,324
OWDA Loans Issued		402,161		402,161
Interest Expense		(41,435)		(41,435)
Total Non-Operating Revenues (Expenses)	<u>741,526</u>	<u>368,173</u>	<u>12,824</u>	<u>1,122,523</u>
Income (Loss) Before Advances	215,735	(226,977)	121,383	110,141
Advances In		85,000	1,167	86,167
Advances Out		(15,175)	(102,936)	(118,111)
Changes in Net Assets	215,735	(157,152)	19,614	78,197
Net Assets at Beginning of Year	<u>537,650</u>	<u>1,808,432</u>	<u>1,162,343</u>	<u>3,508,425</u>
Net Assets at End of Year	<u>\$753,385</u>	<u>\$1,651,280</u>	<u>\$1,181,957</u>	<u>\$3,586,622</u>

See accompanying notes to the basic financial statements.



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF CASH FLOWS - CASH BASIS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>County Home</u>	<u>Sanitary Sewer</u>	<u>Other Enterprise</u>	<u>Total</u>
<b>Increases (Decreases) in Cash and Cash Equivalents:</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$143,289	\$1,160,299	\$977,348	\$2,280,936
Cash Payments for Personal Services	(384,901)	(287,734)	(211,651)	(884,286)
Cash Payments for Contractual Services	(221,084)	(1,126,414)	(548,640)	(1,896,138)
Cash Payments for Supplies	(100,868)	(176,667)	(112,495)	(390,030)
Cash Received from Other Revenues	37,773	23,575	3,997	65,345
Net Cash Provided by (Used for) Operating Activities	<u>(525,791)</u>	<u>(406,941)</u>	<u>108,559</u>	<u>(824,173)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Cash Received from Property Taxes	587,960			587,960
Cash Received from Grants	153,566	7,447	9,500	170,513
Cash Received from Donations			3,324	3,324
Cash Received from Advances In		85,000	1,167	86,167
Cash Payments for Advances Out		(15,175)	(102,936)	(118,111)
Interest Paid on Outstanding Advance		(11,206)		(11,206)
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>741,526</u>	<u>66,066</u>	<u>(88,945)</u>	<u>718,647</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal Paid on Special Assessment Bonds		(8,900)		(8,900)
Interest Paid on Special Assessment Bonds		(3,025)		(3,025)
Principal Paid on OPWC Loans		(17,780)		(17,780)
Proceeds of OWDA Loans		402,161		402,161
Principal Paid on OWDA Loans		(143,134)		(143,134)
Interest Paid on OWDA Loans		(22,027)		(22,027)
Principal Paid on Rural Industrial Park Loan		(18,395)		(18,395)
Interest Paid on Rural Industrial Park Loan		(5,177)		(5,177)
Net Cash Provided by Capital and Related Financing Activities		<u>183,723</u>		<u>183,723</u>
Net Increase (Decrease) in Cash and Cash Equivalents	215,735	(157,152)	19,614	78,197
Cash and Cash Equivalents at Beginning of Year	<u>537,650</u>	<u>1,808,432</u>	<u>1,162,343</u>	<u>3,508,425</u>
Cash and Cash Equivalents at End of Year	<u><u>\$753,385</u></u>	<u><u>\$1,651,280</u></u>	<u><u>\$1,181,957</u></u>	<u><u>\$3,586,622</u></u>

*See accompanying notes to the basic financial statements.*

MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY

STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS  
AGENCY FUNDS  
DECEMBER 31, 2009

**Assets:**

Equity in Pooled Cash and Cash Equivalents	\$3,626,685
Total Assets	<u>3,626,685</u>

**Liabilities:**

Undistributed Assets	<u>\$3,626,685</u>
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*See accompanying notes to the basic financial statements.*

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**1. REPORTING ENTITY**

Mercer County (the County) is a body politic and corporate established in 1824 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Mercer County, this includes the Mercer County Board of Developmental Disabilities (DD), Children Services Board, and departments and activities that are directly operated by the elected County officials.

**B. Component Units**

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 or 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 may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes.

C.A. Group is a legally separate, not-for-profit corporation served by a board appointed by the Mercer County Board of Developmental Disabilities (DD). C.A. Group, under a contractual agreement with the Mercer County Board of DD, provides sheltered employment for mentally retarded or handicapped adults in Mercer County. The Mercer County Board of DD provides C.A. Group with personnel necessary for the operation of the habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings, and professional staff to supervise and train clients of C.A. Group. Based on the significant services and resources provided by the County to C.A. Group and C.A. Group's sole purpose of providing assistance to the retarded and handicapped adults of Mercer County, C.A. Group is a component unit of Mercer County. C.A. Group operates on a fiscal year ending December 31. Information about this component unit is presented in Note 16 to the basic financial statements. Further information for C.A. Group can be obtained from C.A. Group at P.O. Box 137, Celina, Ohio 45822.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**1. REPORTING ENTITY (Continued)**

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent but the organizations are not considered part of Mercer County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

Mercer County Soil and Water Conservation District  
Mercer County District Board of Health

The County participates in four jointly governed organizations, three insurance pools, and a related organization. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements. These organizations are:

Mercer County Regional Planning Commission  
Tri-County Mental Health Board  
West Central Ohio Network  
West Central Partnership, Inc.  
County Commissioners Association of Ohio Service Corporation  
Midwest Pool Risk Management Agency, Inc.  
Midwest Employee Benefit Consortium  
Mercer County District Library

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the enterprise funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County does not apply FASB statements issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of net assets presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the general revenues of the County.

**2. 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 governmental and enterprise fund financial statements is on major funds. 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 type.

**B. Fund Accounting**

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

**1. Governmental Funds**

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The County's major governmental funds are the General Fund, the Motor Vehicle and Developmental Disabilities special revenue funds, and the Adult Detention Facility capital projects fund.

**General Fund** - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Motor Vehicle Fund** - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Expenditures are restricted by State law to county road and bridge repair/improvement programs.

**Developmental Disabilities Fund** - This fund accounts for the operation of a school for the mentally retarded and developmentally disabled financed by a county-wide property tax levy and federal and state grants.

**Adult Detention Facility Fund** - This fund accounts for sales tax receipts and debt proceeds used to construct a new adult detention facility.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**2. Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County's major enterprise funds are the county home fund and the sanitary sewer fund.

**County Home Fund** - This fund accounts for the daily operations of the County Home.

**Sanitary Sewer Fund** - This fund accounts for sanitary sewer services provided to individuals and commercial users throughout the County.

The other enterprise funds of the County account for charges for services, property taxes, and operating grants for water treatment, solid waste management, and ambulance services.

**3. Fiduciary Funds**

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 not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County did not have any trust funds in 2009. The County's agency funds are used to 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 Accounting**

The County's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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 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.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund and department level for the General Fund and the fund level for all other funds.

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

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

The following tables summarize the adjustments necessary to reconcile the OCBOA 34 basis statements to the budgetary basis statements.

**Net Change in Fund Balance  
General Fund**

GAAP Basis	(\$626,714)
<b>Increase (Decrease) Due To:</b>	
Non-budgeted revenues from Agency Funds	76,703
Cash on Hand	14,785
Elimination of Self Insurance Fund	15,290
Encumbrances	(197,955)
Budget Basis	(\$717,891)

**Net Change in Fund Balance  
Motor Vehicle Gas Tax Fund**

GAAP Basis	(\$132,953)
<b>Increase (Decrease) Due To:</b>	
Cash on Hand	26
Elimination of Self Insurance Fund	4,993
Encumbrances	(459,766)
Budget Basis	(\$587,700)

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

<b>Net Change in Fund Balance Developmental Disabilities Fund</b>	
GAAP Basis	(\$633,507)
<b>Increase (Decrease) Due To:</b>	
Non-budgeted revenues from Agency Funds	(32,180)
Non-budgeted revenues held in outside accounts	48,919
Non-budgeted on-behalf expenditures	486,006
Elimination of Self Insurance Fund	7,626
Encumbrances	(292,536)
Budget Basis	(\$415,672)

**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 and not held by the County Treasurer are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Cash and cash equivalents that are held separately for the County by fiscal agents are recorded as "Cash and Cash Equivalents with Fiscal Agents".

Cash and cash equivalents that are held separately by an escrow agent for the payment of retainage to contractors upon project completion are recorded as "Cash and Cash Equivalents with Escrow Agent".

During 2009, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 were \$505,567 which includes \$446,970 assigned from other County funds.

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. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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.



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted. The County has resources set aside in separate escrow accounts whose use is limited to the payment of retainage to contractors upon project completion.

**G. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**H. Compensated Absences**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the County.

**I. Long-Term Obligations**

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 disbursements are made.

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include resources restricted for the upkeep of the County's roads and bridges, child support and welfare services, services for the handicapped and mentally disabled, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**K. Fund Balance Reserves**

The County reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and unclaimed monies.

**L. Operating Receipts and Disbursements**

Operating receipts are those receipts that are generated directly from the primary activity of the enterprise funds. For the County, these receipts are charges for services for the county home, sanitary sewer services, water treatment, solid waste management, and ambulance services. Operating disbursements are the necessary costs incurred to provide the service that is the primary activity of the fund. All receipts and disbursements not meeting these definitions are reported as non-operating.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Internal Activity**

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

Internal allocations of overhead disbursements from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

**3. 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 assets/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.

**4. DEPOSITS AND INVESTMENTS**

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
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 (1) or (2) 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. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,500,000 of the County's bank balance of \$14,364,455 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**B. Investments**

As of December 31, 2009, the County had the following investments:

	<b>Total</b>	<b>Less Than Six Months</b>	<b>One Year</b>	<b>Two Years</b>
Federal Farm Credit Bank Notes	\$ 494,399			\$494,399
Federal Home Loan Bank Notes	996,433	\$ 996,433		
Federal Home Loan Bank Bonds	1,007,139	501,720	\$505,419	
Star Ohio	6,816	6,816		
<b>Total Investments</b>	<b>\$2,504,787</b>	<b>\$1,504,969</b>	<b>\$505,419</b>	<b>\$494,399</b>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the County Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the County.

The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, and Federal Home Loan Bank Bonds, carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

The County places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the County's total portfolio.

	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
Federal Farm Credit Bank	\$ 494,399	19.74%
Federal Home Loan Bank	2,003,572	79.99
Star Ohio	6,816	.27

**5. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax revenues received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the values as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion 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 collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2009, was \$11.86 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

<b>Real Property:</b>	
Residential/Agriculture	\$700,142,600
Commercial/Industrial/Mineral	90,160,950
<b>Public Utility Property:</b>	
Real	61,070
Personal	1,869,190
Total Assessed Value	\$792,233,810

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**6. PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. On November 6, 2007, the voters approved a .5 percent sales tax to construct a new adult detention facility. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is to be made within five days of the certification.

**7. INTERFUND ACTIVITY**

During 2009, the County made a number of cash advances to various funds. As of December 31, 2009, \$587,119 of the advances had not been repaid. Cash advances are generally made to provide working capital for operations or projects or to provide cash flow resources. Advances expected to be repaid within one year are \$98,875 to the General Fund from Other Governmental Funds and \$15,175 from the Sewer fund and \$26,572 to the Motor Vehicle special revenue fund from Other Governmental Funds.

**8. RISK MANAGEMENT**

**A. Property and Liability**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the County contracted with the Midwest Pool Risk Management Agency, Inc. for insurance coverage.

Coverage provided was as follows:

General Liability	\$2,000,000
Automobile Liability	2,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	2,000,000
Excess Liability	5,000,000
Building and Contents	46,744,272
Earthquake	100,000,000
Flood	50,000,000
Comprehensive Boiler and Machinery	50,000,000

There has been no significant reduction in insurance coverage from 2008 and settled claims have not exceeded this coverage in the past three years.

For 2009, the County participated in the Midwest Pool Risk Management Agency, Inc. (Pool), a risk sharing insurance program, with five counties participating in the Pool. Each participant pays annual premiums to the Pool based on the types of coverage selected.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

**B. Workers Compensation**

For 2009, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer 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 Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

**C. Medical and Life Insurance**

The County participates in the Midwest Employee Benefit Consortium (MEBC), a public entity shared risk pool consisting of five counties. Each member pays premiums to MEBC for employee medical and life insurance premiums. MEBC is responsible for the management and operation of the program. Upon withdrawal, the County is responsible for the payment of all MEBC liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of MEBC, all member claims will be paid without regard to the member's account balance. The MEBC Board of Trustees has the right to return monies to an exiting member subsequent to the settlement of all expenses and claims.

**9. SIGNIFICANT CONTRACTUAL COMMITMENTS**

The County had the following contractual commitments outstanding as of December 31, 2009:

<u>Contractor</u>	<u>Purpose</u>	<u>Commitment</u>
Shinn Brothers	Rockford Neighborhood Revitalization	\$120,129
GM Mechanical	Adult Detention Facility	75,695
Fleetwood Financial	Adult Detention Facility	89,595
VTF Excavation, LLC	Frahm Pike Road Widening	282,544
VTF Excavation, LLC	Sutter Ditch	422,538
Tumbusch Construction, Inc.	Fort Recovery/Minster Road Widening	64,028
Prestress Services, Inc.	St. Peter Road Bridge Beams	22,977
Tom's Construction	Coldwater Schmitmeyer Group Ditch	34,097
Fanney and Howey	Marion Township Sewer	48,000
Fanney and Howey	Northwood Sewer	19,750

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS**

**Plan Description** - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs, and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 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 statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2009 was 14 percent of covered payroll, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63 percent of covered payroll. For 2009, a portion of the County's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan from January 1 through March 31 and 5.5 percent was allocated from April 1 through December 31. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 was \$920,784, \$773,197, and \$876,804, respectively; 96 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$16,694 made by the County and \$11,924 made by the plan members.

**11. POSTEMPLOYMENT BENEFITS**

**Plan Description** - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS (Continued)**

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**Funding Policy** - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll (17.63 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent of covered payroll for the remainder of the year.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2009, 2008, and 2007 was \$677,869, \$791,229, and \$591,534, respectively; 96 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

**12. COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service. Currently, employees are not permitted to accrue or carry over more than the equivalent of three year's vacation leave. All accumulated unused vacation time is paid upon separation from the County. County employees are paid for 50 percent of accumulated unused sick leave upon retirement at the rate of pay in effect at the time of retirement.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**13. NOTE OBLIGATIONS**

The changes in the County's note obligations during 2009 were as follows:

	<b>Interest Rate</b>	<b>Balance December 31, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2009</b>
<b>Governmental Activities:</b>					
<b>Bond Anticipation Notes:</b>					
Road Improvement	2.74%	\$ 700,000			\$ 700,000
Various Purpose Series 2008	2.71	213,000		\$ 213,000	
Various Purpose Series 2009	2.67		\$ 156,200		156,200
Adult Detention Facility	2.75	1,500,000		1,500,000	
Adult Detention Facility	2.75		2,500,000		2,500,000
Total Bond Anticipation Notes		<u>2,413,000</u>	<u>2,656,200</u>	<u>1,713,000</u>	<u>3,356,200</u>
<b>Special Assessment Notes</b>					
Various Purpose Series 2008	2.52	210,500		210,500	
Various Purpose Series 2009	2.70		210,000		210,000
Total Special Assessment Notes		<u>210,500</u>	<u>210,000</u>	<u>210,500</u>	<u>210,000</u>
Total Governmental Activities		<u>\$2,623,500</u>	<u>\$2,866,200</u>	<u>\$1,923,500</u>	<u>\$3,566,200</u>

All of the County's notes are backed by the full faith and credit of the County. The bond anticipation notes mature within one year. The special assessment notes will be paid from assessments made on the property owners affected by the improvements. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt.

On December 12, 2008, the County issued bond anticipation notes, in the amount of \$700,000, to make road improvements within the County. These notes have an interest rate of 2.74 percent and were due to mature on December 11, 2009; however, the maturity of these notes was extended until February 9, 2010, at which time they were retired from a portion of the proceeds of a \$3.59 million bond issue. The notes will be paid from the General Obligation Bond Anticipation Note debt service fund.

On May 1, 2009, the County issued bond anticipation notes, in the amount of \$156,200, to partially retire notes previously issued in 2008 for various ditches and improvements to the fairgrounds, in the amount of \$213,000. The notes have an interest rate of 2.67 percent and mature on April 30, 2010. The notes will be paid from the Ditch Special Assessment Note debt service fund and the General Obligation Bond Anticipation Note debt service fund.

On March 10, 2009, the County issued bond anticipation notes, in the amount of \$2,500,000, to retire notes previously issued for the construction of an adult detention facility and for additional construction costs. The notes have an interest rate of 2.75 percent and mature on March 9, 2010. The notes will be paid from the General Obligation Bond Anticipation Note debt service fund.

On September 18, 2009, the County issued bond anticipation notes, in the amount of \$210,000, to retire notes previously issued, in the amount of \$210,500, for additional improvements to the Sites Davis Ditch and the St. Marys River area, as well as for improvements to the Blythe Group tile and Amstutz-Downey Evers ditch. The notes have an interest rate of 2.70 percent and will mature on September 17, 2010. The notes will be paid from the Ditch Special Assessment Notes debt service fund and Ditch Construction debt service fund.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**14. LONG-TERM OBLIGATIONS**

The County's long-term debt activity for the year ended December 31, 2009, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2009</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>						
<b>General Obligation Bonds:</b>						
1998 Central Services (Original Amount \$3,750,000)	4.2-7.4%	\$ 2,810,000		\$130,000	\$ 2,680,000	\$140,000
Adult Detention Facility (Original Amount \$10,500,000)	3 - 5	10,010,000		565,000	9,445,000	580,000
Total General Obligation Bonds		<u>12,820,000</u>		<u>695,000</u>	<u>12,125,000</u>	<u>720,000</u>
<b>OPWC Loans:</b>						
1995 Karch/Tama (Original Amount \$174,070)		52,220		8,703	43,517	4,352
1997 Siegrist-Jutte and Kahn Road Bridge (Original Amount \$256,554)		96,207		12,827	83,380	6,414
2001 Four Bridge Replacement (Original Amount \$76,979)		46,187		3,849	42,338	1,924
2002 Home Waterline Improvement (Original Amount \$80,000)		58,000		4,000	54,000	4,000
2002 Five Bridge Replacement (Original Amount \$60,000)		45,000		3,000	42,000	3,000
2005 Six Bridge Repair (Original Amount \$60,225)		49,686		3,011	46,675	1,506
2007 Bridge Replacement (Original Amount \$137,801)		137,801		10,335	127,466	3,445
2009 Carthagen Road (Original Amount \$300,000)			\$300,000		300,000	
2009 Bridge Replacement (Original Amount \$157,500)			157,500	3,938	153,562	3,937
Total OPWC Loans		<u>485,101</u>	<u>457,500</u>	<u>49,663</u>	<u>892,938</u>	<u>28,578</u>
Sheriff Loan (Original Amount \$248,954)	6.92%	248,954			248,954	88,595
Total Governmental Activities		<u>13,554,055</u>	<u>457,500</u>	<u>744,663</u>	<u>13,266,892</u>	<u>837,173</u>
<b>Business-Type Activities:</b>						
<b>Special Assessment Bonds:</b>						
1992 Southwest Sanitary Sewer (Original Amount \$148,600)	5.0%	60,500		8,900	51,600	9,300
<b>OPWC Loans:</b>						
1993 Northwood Collection System (Original Amount \$55,600)		15,290		2,780	12,510	1,390
2003 Philothea Area Wastewater (Original Amount \$300,000)		202,500		15,000	187,500	7,500
Total OPWC Loans		<u>217,790</u>		<u>17,780</u>	<u>200,010</u>	<u>8,890</u>

(Continued)

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**14. LONG-TERM OBLIGATIONS (Continued)**

	Interest Rate	Balance 12/31/2008	Additions	Reductions	Balance 12/31/2009	Due Within One Year
<b>OWDA Loans:</b>						
1988 MCI (Original Amount \$831,193)	2	142,454		39,724	102,730	40,519
2002 Staeger Road Sanitary Sewer (Original Amount \$109,521)	3.64	74,880		5,078	69,802	5,264
2002 SR 129 and Burge Road (Original Amount \$400,463)	3.49	286,557		17,762	268,795	18,387
2005 Lake Acres (Original Amount \$248,037)	2.75	244,945		12,375	232,570	12,718
Northwest Sanitary Sewer Planning	2.90	42,940	28,236		71,176	
West Jefferson Township Sewer		1,050,486	164,478	60,748	1,154,216	
Marion Township Sewer			202,000		202,000	
HSTS			7,447	7,447		
<b>Total OWDA Loans</b>		<u>1,842,262</u>	<u>402,161</u>	<u>143,134</u>	<u>2,101,289</u>	<u>76,888</u>
<b>Ohio Water and Sewer Loans</b>						
1991 Sandy Beach Area Sewer (Original Amount \$42,822)		42,822			42,822	
1992 Southwest Sewer (Original Amount \$269,223)		269,223			269,223	
2001 Rotary SR 269 Sewer (Original Amount \$110,167)		88,673			88,673	
<b>Total Ohio Water and Sewer Loans</b>		<u>400,718</u>			<u>400,718</u>	
<b>Rural Industrial Park Load</b>						
2001 Rural Industrial park – SR269 (Original Amount \$200,000)	0-3	167,672		18,395	149,277	18,955
<b>Total Business-Type Activities</b>		<u>\$2,688,942</u>	<u>\$402,161</u>	<u>\$188,209</u>	<u>\$2,902,894</u>	<u>\$114,033</u>

**A. General Obligation Bonds**

All general obligation bonds are supported by the full faith and credit of Mercer County and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

**B. 1998 Central Services**

The bonds maturing in 2018 are subject to mandatory sinking fund redemption prior to maturity at a price of par plus accrued interest to the date of redemption, in the following principal amounts, on November 1 in each of the following years:

Year	Amount
2010	\$140,000
2011	145,000
2012	150,000
2013	160,000
2014	165,000
2015	175,000
2016	185,000
2017	190,000

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**14. LONG-TERM OBLIGATIONS (Continued)**

Unless previously redeemed, the remaining principal, in the amount of \$200,000, will mature at stated maturity on November 1, 2018.

The bonds maturing in 2023 are subject to mandatory sinking fund redemption prior to maturity at a price of par plus accrued interest to the date of redemption, in the following principal amounts, on November 1 in each of the following years:

<u>Year</u>	<u>Amount</u>
2019	\$210,000
2020	220,000
2021	235,000
2022	245,000

Unless previously redeemed, the remaining principal, in the amount of \$260,000, will mature at stated maturity on November 1, 2023.

The bonds maturing November 1, 2009, and thereafter will be subject to optional redemption, in whole at any time or in part on any interest payment date, at the option of the County, on or after November 1, 2008, as follows:

<u>Redemption Date</u>	<u>Redemption Price</u>
November 1, 2008, through October 31, 2009	100.5%
November 1, 2009, and thereafter	100.0

**C. Adult Detention Facility**

The bonds are to be repaid with the voted .5 percent sales tax that was approved by the voters in November 2007.

The bonds maturing on or after December 1, 2018, are subject to optional redemption, in whole or in part, at the option of the County, on any date commencing on or after June 1, 2018, at the redemption price of 100 percent of the principal amount of the bonds being redeemed plus accrued interest to the redemption date.

**D. Special Assessment Bonds**

The special assessment bonds will be paid from the proceeds of the special assessments levied against those property owners who primarily benefited from the project. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments. Special assessment debt is supported by the full faith and credit of Mercer County.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**14. LONG-TERM OBLIGATIONS (Continued)**

**E. OPWC Loans**

OPWC loans consist of monies owed to the Ohio Public Works Commission for the improvement and replacement of the County's infrastructure. OPWC loans are payable from the governmental debt service funds and from the gross revenues of the enterprise funds. An amortization schedule for the 2009 Carthagena Road loan is not available until the completion of the project. The revenues of the Motor Vehicle special revenue fund are pledged to repay the governmental OPWC loans. The gross revenues of the Sanitary Sewer enterprise fund are pledged to repay the proprietary portion of the OPWC loans. Total principal remaining on the enterprise related loans is \$200,010, payable through December 2022. For the current year, principal paid was \$17,780. For 2009, the Sanitary Sewer enterprise fund had an operating loss of \$595,150.

**F. Sheriff Loan**

The County entered into a loan agreement to purchase software for the sheriff's department. The final maturity of the loan is January 8, 2011. The loan is payable from the General Fund.

**G. OWDA Loans**

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and from the gross revenues of the enterprise funds. Amortization schedules for the Northwest Sanitary Sewer Planning, West Jefferson Township Sewer, and the Marion Township Sewer Design loans are not available until the completion of the project. Total principal and interest remaining on the completed OWDA loan projects is \$808,478, payable through December 2024. For the current year, principal and interest paid was \$96,968. For 2009, the Sanitary Sewer enterprise fund had an operating loss of \$595,150.

**H. Ohio Water and Sewer Loans**

The Ohio water and sewer loans were provided to the County for the deferral of special assessment collections on agricultural land. The loan principal is being deferred as long as the land is used for agriculture purposes. If the land is ever used for other than agricultural purposes, the loan is due and payable, the special assessments are then due and collectible by the County, and the monies collected are to be remitted to the Ohio Water and Sewer Rotary Commission (OWSRC) within one year of collection.

The loans are non-interest bearing as long as the land is used for agricultural purposes. If the land is ever used for other than agriculture purposes and the required special assessments are not remitted to OWSRC, the loans become interest bearing at an interest rate to be determined by OWSRC.

**I. Rural Industrial Park Loan**

The County has obtained a loan from the Rural Industrial Park Loan Program to acquire a public right-of-way and extend the sanitary sewer and water main lines to serve the State Route 29 industrial corridor project. The Rural Industrial Park Loan will be paid from special assessments and the gross revenues of the Sanitary Sewer enterprise fund. Total principal and interest remaining on the Industrial Park loan is \$166,085, payable through December 2017. For 2009, the Sanitary Sewer enterprise fund had an operating loss of \$595,150.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**14. LONG-TERM OBLIGATIONS (Continued)**

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

At December 31, 2009, the County's overall debt margin was \$15,283,166 with an unvoted debt margin of \$4,899,659.

The following is a summary of the County's future annual debt service requirements for governmental activities:

Year	General Obligation Bonds		OPWC Loans	Sheriff Loan	
	Principal	Interest	Principal	Principal	Interest
2010	\$ 720,000	\$ 503,398	\$ 28,578	\$88,595	
2011	745,000	477,758	50,157	77,498	\$11,097
2012	770,000	451,226	50,156	82,861	5,734
2013	800,000	423,800	50,156		
2014	830,000	393,641	50,156		
2015-2019	4,670,000	1,442,542	173,131		
2020-2024	3,590,000	354,264	120,657		
2025			69,947		
	<u>\$12,125,000</u>	<u>\$4,046,629</u>	<u>\$592,938</u>	<u>\$248,954</u>	<u>\$16,831</u>

The following is a summary of the County's future annual debt service requirements for business-type activities:

Year	Special Assessment Bonds		OPWC Loans	OWDA Loans	
	Principal	Interest	Principal	Principal	Interest
2010	\$ 9,300	\$2,580	\$ 8,890	\$ 76,888	\$ 20,079
2011	9,800	2,115	17,780	78,891	18,076
2012	10,300	1,625	17,780	59,675	16,006
2013	10,800	1,110	17,780	40,068	14,326
2014	11,400	570	17,780	41,383	13,010
2015-2019			75,000	228,235	43,731
2020-2024			45,000	148,757	9,353
	<u>\$51,600</u>	<u>\$8,000</u>	<u>\$200,010</u>	<u>\$673,897</u>	<u>\$134,581</u>

Year	Rural Industrial Park Loan	
	Principal	Interest
2010	\$ 18,955	\$ 4,219
2011	19,532	3,643
2012	20,126	3,048
2013	20,738	2,436
2014	21,369	1,806
2015-2017	48,557	1,656
	<u>\$149,277</u>	<u>\$16,808</u>

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**15. INTERFUND TRANSFERS**

During 2009, transfers were made from the General Fund, the Motor Vehicle and Developmental Disabilities special revenue funds, the Adult Detention Facility capital projects fund, and Other Governmental funds to Other Governmental funds, in the amount of \$445,655, \$45,663, \$200,000, \$953,613, and \$68,392, respectively, to subsidize operations of other funds and to make debt payments as they came due.

**16. C.A. GROUP**

**C.A. GROUP  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$420,200
Accounts Receivable	61,271
Intergovernmental Receivable	2,245
Other Assets	832
Depreciable Capital Assets	385,194
Total Assets	<u>869,742</u>
<b>Liabilities:</b>	
Accounts Payable	59,217
Accrued Wages Payable	31,402
Intergovernmental Payable	2,078
Notes Payable	161,192
Total Liabilities	<u>253,889</u>
<b>Net Assets</b>	
Invested in Capital Assets Net of Related Debt	\$224,002
Unrestricted	391,851
Total Net Assets	<u><u>\$615,853</u></u>



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**16. C.A. GROUP (Continued)**

**C.A. GROUP  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Operating Revenues:</b>	
Charges for Services	\$ 736,342
Contributions	605,316
Other Operating Revenues	139,604
Total Operating Revenues	<u>1,481,262</u>
<b>Operating Expenses:</b>	
Personnel Services	753,252
Contractual Services	9,410
Materials and Supplies	307,333
Other Operating Expenses	609,801
Depreciation	47,146
Total Operating Expenses	<u>1,726,942</u>
Operating Loss	<u>(245,680)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Donations	3,549
Interest Revenue	12,931
Interest Expense	(7,492)
Total Non-Operating Revenues (Expenses)	<u>8,988</u>
Change in Net Assets	(236,692)
Net Assets at Beginning of Year	<u>852,545</u>
Net Assets at End of Year	<u>\$ 615,853</u>

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**16. C.A. GROUP (Continued)**

**C.A. GROUP  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2009**

Increase (Decrease) in Cash and Cash Equivalents

**Cash Flows from Operating Activities:**

Continuing Operations	
Cash Received from Customers	\$786,118
Cash Payments for Personal Services	(749,259)
Cash Payments to Suppliers	(323,974)
Cash Received from Other Revenues	139,604
Net Cash Used for Operating Activities	<u>(147,511)</u>

**Cash Flows from Noncapital Financing Activities:**

Cash Received from Donations	<u>3,549</u>
------------------------------	--------------

**Cash Flows from Capital and Related Financing Activities:**

Acquisition of Capital Assets	(9,758)
Principal Paid on Notes	(5,708)
Interest Paid on Notes	(7,491)
Net Cash Used for Capital Financing Activities	<u>(22,957)</u>

**Cash Flows from Investing Activities**

Interest	<u>12,931</u>
----------	---------------

Net Decrease in Cash and Cash Equivalents	(153,988)
---	-----------

Cash and Cash Equivalents at Beginning of Year	<u>574,188</u>
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Cash and Cash Equivalents at End of Year	<u><u>420,200</u></u>
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**Reconciliation of Operating Loss to Net**

**Cash Used for Operating Activities:**

Operating Loss	(245,680)
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**Adjustments to Reconcile Operating Loss to Net**

**Cash Used for Operating Activities:**

Depreciation	47,146
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	48,898
Decrease in Intergovernmental Receivable	883
Decrease in Accounts Payable	(3,071)
Increase in Accrued Wages Payable	3,993
Increase in Intergovernmental Payable	320
Net Cash Used for Operating Activities	<u><u>(\$147,511)</u></u>

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**16. C.A. GROUP (Continued)**

**A. Summary of Significant Accounting Policies**

**1. Basis of Presentation**

Financial statement presentation follows the recommendations of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

**2. Measurement Focus and Basis of Accounting**

C.A. Group is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. C.A. Group uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

**3. Materials and Supplies Inventory**

Inventory is presented at the lower of actual cost or market and is expensed when used. Inventory consists of expendable supplies held for consumption.

**B. Deposits and Investments**

Custodial credit risk for deposits is the risk that in the event of bank failure, C. A. Group will not be able to recover deposits or collateral securities that are in the possession of an outside party. C. A. Group's bank balance of \$420,200 was fully covered by FDIC insurance.

**C. Capital Assets**

Property and equipment are recorded at cost. It is C.A. Group's policy to capitalize items with a useful life in excess of three years and having a value of over \$500. Donated assets are capitalized at fair value on the date donated. Depreciation is calculated on a straight line basis over the useful life of the asset, which ranges from three to fifteen years.

Capital asset activity for the year ended December 31, 2009, was as follows:

	<b>Balance 12/31/2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2009</b>
<b>Depreciable Capital Assets:</b>				
Buildings	\$336,610			\$336,610
Equipment	172,773	\$ 9,758		182,531
Vehicles	171,813			171,813
Total Depreciable Capital Assets	<u>681,196</u>	<u>9,758</u>		<u>690,954</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(5,611)	(16,830)		(22,441)
Equipment	(145,859)	(10,174)		(156,033)
Vehicles	(107,144)	(20,142)		(127,286)
Total Accumulated Depreciation	<u>(258,614)</u>	<u>(47,146)</u>		<u>(305,760)</u>
Depreciable Capital Assets, Net	<u>\$422,582</u>	<u>(\$37,388)</u>	<u>\$0</u>	<u>\$385,194</u>

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**16. C.A. GROUP (Continued)**

**D. Risk Management**

C.A. Group is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, C.A. Group contracted with the Ohio School Plan for commercial, directors and officers liability, and individual fidelity bond; and with Erie Insurance for property and general liability, medical liability, and uninsured motorist auto liability.

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior year.

**E. Significant Concentration of Business with Two Customers**

Two customers provide approximately 51 percent of the service revenue to C.A. Group. If canceled, the volume of business would have a severe impact on the production operations of C.A. Group. However, management would still carry on developmental disabilities programs regardless of services it could lose until new customers were secured. Management is unsure of the risk of these companies canceling during the next year or thereafter.

**F. Notes Payable**

The changes in the C.A. Group's note obligations during 2009 were as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2009</u>	<u>Due Within One Year</u>
Building Notes	4.15%	<u>\$166,900</u>	<u>\$0</u>	<u>\$5,708</u>	<u>\$161,192</u>	<u>\$5,949</u>

The notes were issued for the purchase of a building and will mature on June 30, 2028. The following is a summary of the future annual debt service requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 5,949	\$ 6,578
2011	6,201	6,326
2012	6,463	6,064
2013	6,737	5,790
2014	7,021	5,506
2015-2028	<u>128,821</u>	<u>39,441</u>
	<u>\$161,192</u>	<u>\$69,705</u>

**17. JOINTLY GOVERNED ORGANIZATIONS**

**A. Mercer County Regional Planning Commission**

The Mercer County Regional Planning Commission (Commission) is a jointly governed organization among the County, the City of Celina, and townships and villages within the County. The Board is comprised of the Mercer County Engineer, Mercer County Health Commissioner, seven county members appointed by the County Commissioners (one for every two townships in the county), a representative from each municipal corporation wishing to participate, except that municipalities of city status are entitled to two representatives, and two citizens of Mercer County designated by the County Commissioners. The degree of control exercised by any participating government is limited to its representation on the Board.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The Commission makes plans and maps of the region showing the Commission's recommendations for systems of transportation, highways, park and recreational facilities, water supply, sewerage and sewage disposal, garbage disposal, civic centers, and other public improvements which affect the development of the region as a whole, or more than one political subdivision within the region and which do not begin and terminate within the boundaries of any single subdivision. During 2009, the County did not contribute to the operations of the Commission. Financial information can be obtained from the Commission, 220 West Livingston Street, Room A201, Celina, Ohio 45822.

**B. Tri-County Mental Health Board (Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Paulding, and Van Wert Counties)**

The Tri-County Mental Health Board is a jointly governed organization among Mercer, Paulding, and Van Wert Counties. The Tri-County Mental Health Board provides leadership in planning for and supporting community-based alcohol, drug addiction, and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting, and advocating for the rights of persons as consumers of alcohol, drug addiction, and mental health services. The Board of Trustees consists of eighteen members; four members appointed by the Director of the Ohio Department of Mental Health, four members appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services, and ten members appointed by the County Commissioners of Mercer, Paulding, and Van Wert counties in the same proportion as the County's population. During 2009, a tax levy provided \$669,415 for the operations of the organization. Financial information can be obtained from the Mercer County Auditor, 101 North Main Street, Room 105, Celina, Ohio 45822-1794.

**C. West Central Ohio Network**

The West Central Ohio Network (West CON) is a regional council of governments comprised of the boards of Mental Retardation and Developmental Disabilities (MRDD) of Auglaize, Darke, Logan, Mercer, Miami, Shelby, Union, and Hardin Counties. The Board of Directors is made up of the superintendents from each of these MRDD Boards. West CON is the administrator of supported living programs for each of these Boards of MRDD. The degree of control exercised by any participating government is limited to its representation on the Board. Financial information can be obtained from the West Central Ohio Network, 315 East Court Street, Sidney, Ohio 45365.

**D. West Central Partnership, Inc.**

The West Central Partnership, Inc. (Partnership) is a jointly governed organization among Allen, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The Partnership was formed to administer local loan programs in these counties for the Ohio Department of Development. The Board of Trustees consists of nine members, including a County Commissioner from each member county and the Director of Region 3, West Central SBDC Partnership. Financial information can be obtained from the West Central Partnership, Inc., 545 West Market Street, Suite 305, Lima, Ohio 45801.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**18. INSURANCE POOLS**

**A. County Commissioners Association of Ohio Service Corporation**

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as an insurance 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 eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and the treasurer of the CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of 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.

**B. Midwest Pool Risk Management Agency, Inc.**

The Midwest Pool Risk Management Agency, Inc. (Pool) was created under Section 2744.081 of the Ohio Revised Code to establish a risk sharing insurance program for Auglaize, Hancock, Mercer, Shelby, and Van Wert Counties. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by the Pool. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over budgeting and financing of the Pool is limited to its voting authority and any representation it may have on the board of trustees.

**C. Midwest Employee Benefit Consortium**

The County participates in the Midwest Employee Benefit Consortium (MEBC), a public entity shared risk pool for medical and life insurance. MEBC is made up of Auglaize, Hancock, Mercer, Shelby, and Van Wert Counties. The County pays premiums to MEBC for employee medical and life insurance benefits. MEBC is responsible for the administration of the program.

MEBC is governed by a Board of Trustees consisting of one county commissioner from each participating member. Each participant decides which plans offered by the Board of Trustees will be extended to its employees. Participation in MEBC is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**19. RELATED ORGANIZATION**

The Mercer County District Library is a district political subdivision of the State of Ohio created under Chapter 3311.05 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Mercer County Commissioners and the Common Pleas Court Judge. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on Mercer County for operational subsidies. Although the Mercer County Commissioners serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees.

**20. RELATED PARTY TRANSACTIONS**

During 2009, Mercer County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to C.A. Group. C.A. Group, a component unit of Mercer County, reported \$605,316 for such contributions.

**21. CONTINGENT LIABILITIES**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

Several other claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material adverse effect on the financial statements.

**22. SUBSEQUENT EVENTS**

On February 9, 2010, the County issued various purpose bonds, in the amount of \$3,590,000, to retire bond anticipation notes issued for road improvements, ditch improvements, and to construct and equip an adult detention facility. The notes have interest rates ranging from 2 to 4 percent and mature in 2024.

On April 30, 2010, the County issued bond anticipation notes, in the amount of \$205,300, to partially retire notes previously issued for various ditches and improvements to the fairgrounds. The notes have an interest rate of 2.56 percent and mature on April 30, 2011.

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**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICES</b>			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Supplemental Nutrition Assistance Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance	G-1011-11-5082/G89-20-1111/JFSFF109	10.561	\$5,851
	G-1011-11-5082/G-89-20-1111/JFSFFB09		120,434
	G-1011-11-5082/G-89-20-1111/JFSFFB10		34,291
ARRA	G-1011-11-5082/G-89-20-1111/ JFSFFB09S		<u>14,504</u>
Total Supplemental Nutrition Cluster			<u>175,080</u>
Total U.S. Department of Agriculture, Food and Nutrition Services			<u>175,080</u>
<b>U.S. DEPARTMENT OF COMMERCE NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION</b>			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Public Safety Interoperable Communications	2007-GS-H7-0053	11.555	<u>1,373,673</u>
Total U.S. Department of Commerce			<u>1,373,673</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grants:			
Community Development Block Grants/State's Program	B-F-07-050-1	14.228	77,595
	B-C-07-050-1		23,434
	B-F-08-050-1		<u>175,709</u>
Total Community Development Block Grants/State's Program			<u>276,738</u>
HOME Investment Partnership	B-C-07-050-2	14.239	<u>205,818</u>
Total U.S. Department of Housing and Urban Development			<u>482,556</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>(Passed through Attorney General's Crime Victim Services)</i>			
Crime Victim Assistance	2008VAGENE068T	16.575	19,813
	2010VAGENE068T		6,199
	2008SAGENE068T		2,514
	2010SAGENE068T		<u>99</u>
Total			<u>28,625</u>
<i>(Passed through Office of Criminal Justice Services)</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2008-JG -C01-6421	16.738	21,888
	2207-JG-LLE-5165A		<u>10,585</u>
Total			<u>32,473</u>
<i>(Passed through Bureau of Justice Assistance)</i>			
Bulletproof Vest Partnership Program	SAB-1-TS	16.607	<u>1,146</u>
Total U.S. Department of Justice			<u>62,244</u>
<b>UNITED STATES DEPARTMENT OF LABOR</b>			
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>			
Workforce Investment Act (WIA) Cluster:			
WIA - Adult (FY08)	N/A	17.258	54,861
WIA - Adult (FY09)	N/A	17.258	234,995
WIA - Adult (FY10)	N/A	17.258	65,394
ARRA - WIA - Adult (FY09)	N/A	17.258	122,106
WIA - Adult (FY08) - Admin	N/A	17.258	1,779
WIA - Adult (FY09) - Admin	N/A	17.258	17,810
ARRA - WIA - Adult (FY09) - Admin	N/A	17.258	19,118
WIA - Veterans Short-Term Training Program (VSTP)	N/A	17.258	969
WIA - Veterans Short-Term Training Program (VSTP) - Admin	N/A	17.258	97
WIA - ODOD HB 372 Incumbent Worker Training Statewide	N/A	17.258	<u>23,506</u>
Total WIA - Adult			<u>540,635</u>

**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
WIA - Youth (FY08)	N/A	17.259	193,429
WIA - Youth (FY09)	N/A	17.259	105,241
ARRA - WIA - Youth (FY09)	N/A	17.259	386,396
WIA - Youth (FY08) - Admin	N/A	17.259	35,272
WIA - Youth (FY09) - Admin	N/A	17.259	33,617
Total WIA - Youth			<u>753,955</u>
WIA - Dislocated Worker (FY08)	N/A	17.260	43,762
WIA - Dislocated Worker (FY09)	N/A	17.260	303,426
ARRA - WIA - Dislocated Worker (FY09)	N/A	17.260	274,284
WIA - Dislocated Worker (FY08) - Admin	N/A	17.260	2,997
WIA - Dislocated Worker (FY09) - Admin	N/A	17.260	5,277
ARRA - WIA - Dislocated Worker (FY09) - Admin	N/A	17.260	10,633
WIA - Career Advancement	N/A	17.260	4,004
WIA - Career Advancement - Admin	N/A	17.260	1,954
WIA - Veterans Rapid Response (FY09)	N/A	17.260	1,017
WIA - Veterans Rapid Response (FY09) - Admin	N/A	17.260	402
Total WIA - Dislocated Worker/Rapid Response			<u>647,756</u>
Total Workforce Investment Act (WIA) Cluster			<u>1,942,346</u>
WIA - Pilots, Demonstrations and Research	N/A	17.261	3,265
Total U.S. Department of Labor			<u>1,945,611</u>
<b>U.S DEPARTMENT OF TRANSPORTATION</b>			
<i>(Passed through Ohio Department of Transportation)</i>			
Capital Assistance Program for Elderly Persons and Person with Disabilities	CRD-0054-002-091	20.513	21,023
Highway Planning and Construction	PID #79573	20.205	153,917
	PID #79574		226,421
	PID #79581		617,519
	PID #82177		621,744
	PID #84940		4,968
	PID #82175		149,692
Total			<u>1,774,261</u>
Total U.S. Department of Transportation			<u>1,795,284</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>			
<i>(Passed through Ohio Secretary of State)</i>			
Help America Vote Act	N/A	90.401	700
Total U.S. Election Assistance Commission			<u>700</u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>			
Child Support Enforcement	G-89-20-1111/G-1011-11-5083/JFSFCS10	93.563	70,794
	G-89-20-1111/G-1011-11-5083/JFSFCS09		297,838
ARRA - Child Support Enforcement	G-89-20-1111/G-1011-11-5083/JFSFCS09S		40,037
Total			<u>408,669</u>
Temporary Assistance for Needy Families	G-1011-11-5082/G-89-20-1111/JFSFTF10	93.558	183,347
	G-1011-11-5082/G-89-20-1111/JFSFTF09		954,014
	G-1011-11-5082/G-89-20-1111/JFSFTF08		175,678
Total			<u>1,313,039</u>
ARRA - Adoption Assistance - Adopt Ohio	G-1011-11-5082/G-89-20-1111/JFSFTF09	93.659	2,000
ARRA - Title IV-E - Foster Care	G-1011-11-5082/G-89-20-1111	93.658	154,710
Child Welfare Services_State Grants	G-1011-11-5082/G-89-20-1111/JFSCW09	93.645	32,316
	G-1011-11-5082/G-89-20-1111/JFSCW10		10,273
Total			<u>42,589</u>
			Continued

**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
Promoting Safe and Stable Families	G-1011-11-5082/G-89-20-1111/JFSFMC09	93.556	1,324
	G-1011-11-5082/G-89-20-1111/JFSFMC10		987
	G-1011-11-5082/G-89-20-1111/JFSFPF09		18,120
	G-1011-11-5082/G-89-20-1111/JFSFPF10		5,600
Total			26,031
Child Care Cluster:			
Child Care and Development Block Grant	G-1011-11-5082/G-89-20-1111/JFSFCD09	93.575	16,918
	G-1011-11-5082/G-89-20-1111/JFSFCD10		938
Total			17,856
ARRA Child Care and Development Block Grant	G-1011-11-5082/G-89-20-1111/JFSFCD09S	93.713	50,000
Child Care Mandatory and Matching Funds of the Child Care and Development	G-1011-11-5082/G-89-20-1111/JFSFCM10	93.596	125,363
	G-1011-11-5082/G-89-20-1111/JFSFCM09		111,015
	G-1011-11-5082/G-89-20-1111/JFSFCDM09		8,294
Total			244,672
Total Child Care Cluster			312,528
<i>(Passed through Ohio Department of MRDD)</i>			
Social Services Block Grant Program	MR-54	93.667	22,610
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>			
Social Services Block Grant Program	G-1011-11-5082G-89-20-1111/JFSFSS09	93.667	129,837
	G-1011-11-5082/G-89-20-1111/JFSFSS10		24,324
	G-1011-11-5082/G-89-20-1111/JFSFTX09		136,037
	G-1011-11-5082/G-89-20-1111/JFSFTX10		63,279
Total			376,087
<i>(Passed through Ohio Department of MRDD)</i>			
Medical Assistance Program	5400015	93.778	52,638
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>			
Medical Assistance Program	G-1011-11-5082/G-89-20-1111/JFSFMT09	93.778	149,519
	G-1011-11-5082/G-89-20-1111/JFSFMT10		58,964
Total			261,121
Grants to States for Access and Visitation Programs	N/A	93.597	46,815
Chafee Foster Care Independence Program	G-1011-11-5082/G-89-20-1111/JFSFIL09	93.674	11,139
	G-1011-11-5082/G-89-20-1111/JFSFIL10		1,422
			12,561
Child Abuse and Neglect State Grant	G-1011-11-5082/G-89-20-1111/JFSFTFO	93.669	1,762
Total U.S. Department of Health and Human Services			2,957,912
<b>U.S DEPARTMENT OF HOMELAND SECURITY</b>			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Homeland Security Grant	2007-GE-T7-0030	97.067	44,280
	2008-GE-T8-0025	97.067	41,083
Total			85,363
<i>(Passed through Ohio Department of Public Safety)</i>			
Emergency Management Performance	2008-EM-E8-002	97.042	8,280
	2009-EP-E9-0061	97.042	46,038
Total			54,318
Total U.S. Department of Homeland Security			139,681
Total Federal Assitance			\$8,932,741

The accompanying notes to this schedule are an integral part of this schedule.

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**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports Mercer County's (the County's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The County passes certain federal awards received from Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs and also to lend money to eligible persons. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. ). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property or equipment.

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009	\$1,847,118
Loans made	929,500
Loan principal repaid	<u>294,709</u>
Ending loans receivable balance as of December 31, 2009	\$2,481,909
Cash balance on hand in the revolving loan fund as of December 31, 2009	\$537,063

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2009, the County estimates \$44,311 to be uncollectible and \$390,810 in loans are 60 days past due.

**NOTE D - MATCHING REQUIREMENTS**

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

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**NOTE E - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2009, the County made allowable transfers of \$199,316 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,313,039 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2009 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$1,512,355
Transfer to Social Services Block Grant	<u>(199,316)</u>
Total Temporary Assistance for Needy Families	<u>\$1,313,039</u>



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mercer County Commissioners  
Central Services Building  
220 West Livingston Street  
Celina, Ohio 45822

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 4, 2010, wherein we noted the County uses a comprehensive basis of accounting other than generally accepted accounting principles. We also noted the C.A Group (a component unit) was not reported with the financial data of the county, but rather was presented as a related note disclosure as Note 16. Other auditors audited Note 16, as described in our opinion on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors reported. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2009-003 and 2009-004 to be significant deficiencies. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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### Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 4, 2010.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion them.

We intend this report solely for the information and use of management, the audit committee, Board of County Commissioners, and federal awarding agencies and pass-through entities, and others within the County. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 4, 2010





# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Mercer County Commissioners  
Central Services Building  
220 West Livingston Street  
Celina, Ohio 45822

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Mercer County, (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the Mercer County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

#### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

**Internal Control Over Compliance  
(Continued)**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We also noted certain matters not required inclusion in this report that we report to the County's management in a separate letter dated August 4, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 4, 2010

**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<p>Workforce Investment Act Cluster CFDA #17.258, 17.259, 17.260</p> <p>Child Support Enforcement CFDA #93.563</p> <p>Temporary Assistance for Needy Families CFDA #93.558</p> <p>Public Safety Interoperable Communications Grant Program CFDA #11.555</p> <p>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CFDA #10.561</p> <p>Child Care Cluster CFDA #93.575, 93.713, 93.596</p> <p>Social Services Block Grant CFDA #93.667</p>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2009-001**

**Noncompliance**

**FINDING FOR RECOVERY REPAID UNDER AUDIT**

**Ohio Rev. Code Section 3375.52** that in each county of the state, all fines and penalties collected by, and moneys arising from forfeited bail in the court of common pleas and the probate court of such county, for offenses and misdemeanors brought for prosecution in such courts in the name of the state, shall be retained and paid monthly by the clerk of such courts to the board of trustees of the law library association. The total sums so paid therefrom shall not exceed twelve hundred fifty dollars per annum, and when that amount has been paid to such board, in accordance with this section, then no further payments shall be required under this section in that calendar year from the clerks of such respective courts. Note: (Ohio Rev. Code § 3375.52 was repealed and reenacted as §307.515(C) effective January 1, 2010.)

In 2009, the Clerk of Courts paid the Law Library \$2,000 which exceeded the maximum per annum amount by \$750.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for money illegally expended, is hereby issued against the Law Library Association, in the amount of \$750, and in favor of Mercer County Clerk of Courts General Fund.

**Officials Response:**

Upon notification of the error by the Auditor of States' office, the \$750 overpayment was repaid from the law library fund in favor of the Clerk of Courts General operating fund on January 19, 2010.

**FINDING NUMBER 2009-002**

**Noncompliance**

**Ohio Rev. Code Section 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

**Ohio Admin. Code Section 117-2-03(B)** requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the County prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code Section 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its annual financial statements in accordance with generally accepted accounting principles to present accurately financial statements that report assets, liabilities and other disclosures.

**FINDING NUMBER 2009-002  
(Continued)**

**Officials Response:**

Mercer County believes that reporting on a GAAP basis is cost prohibitive. Therefore, the County switched to an OCBOA modified cash basis of reporting, which meets management's needs without substantial additional costs.

**FINDING NUMBER 2009-003**

**Significant Deficiency**

**Real Estate Taxes Reconciliation**

Mercer County is required to collect and distribute to the taxing district's within the County the amounts paid by the State for public utility property tax loss and rollback and homestead exemption

The County's real estate tax funds balances on the finance system at December 31 did not agree with the real estate receipts collected and undistributed at year end per the property tax system. It was determined that these differences are partially attributed to the fact that:

1. The County Auditor's office received monies from the State which were receipted into the County's Real Estate Tax fund during 2006 and were still not distributed by the end of 2009:
  - \$37,930 public utility property tax loss reimbursement,
  - \$18,521 homestead and rollback distribution for the February settlement, and
  - \$71.19 manufactured home rollback,
2. The County Auditor's office received monies from the State which were receipted into the County's Real Estate Tax fund during 2007 and not distributed by the end of 2009;
  - \$37,930 public utility property tax loss reimbursement,
3. The County's Real Estate Tax Funds did not reconcile to the undistributed amounts at December 31, 2009.

The failure to promptly distribute all rollback / homestead and public utility property tax loss reimbursement, in addition to the lack of reconciling the activity of the real estate tax fund on the financial accounting system with the activity of the property tax system each month resulted in a difference when attempting to reconcile activity at year end. This has also resulted in the County's failure to make the required distributions and settlements for real estate and manufactured home revenues to the County subdivisions by the dates required. Finally, this resulted in an understatement of the County's revenue and overstatement of the County's agency fund balances which did not have a material effect to the County's financial statements.

The County Auditor's office and County Treasurer's office should work together each month to verify that the Real Estate fund balances on the financial accounting system are in balance with the property tax system. Also, the County Treasurer's office should obtain a detail receipt and disbursement transaction report for these funds from the County Auditor's office at least monthly to review the transactions posted to determine that the monies receipted into these funds match with the monies paid out of the funds for tax refunds.

**Officials Response:**

The County Auditor and Treasurer offices will reconcile all tax fund balances and will settle the undistributed money sitting in the real estate tax fund on the next tax settlement.

**FINDING NUMBER 2009-004**

**Significant Deficiency**

**Purchase Orders**

All purchase orders should be reviewed by the issuing departments prior to year end to determine whether they still represent valid purchase commitments and whether the County should totally or partially cancelled the purchase commitment. Our testing of outstanding purchase orders at December 31, 2009, noted that \$289,018 of the outstanding purchase orders were not for valid purchase commitments and were subsequently closed in 2010.

The failure to monitor the outstanding purchase orders resulted in an overstatement of outstanding encumbrances and an understatement of available unencumbered fund balances at year end. The accompanying financial statements required an audit adjustment to the Developmental Disabilities fund's reserve for encumbrances to correct for the invalid outstanding purchase orders outstanding at December 31, 2009.

Each department and the County Auditor's office should initiate a review of outstanding purchase orders prior to year end to determine they still represent valid purchase commitments.

**Officials Response:**

The Developmental Disabilities department will conduct a thorough review of all vendors and purchase commitments prior to December 1 of any given year. This review will result in a more accurate prediction of valid purchase commitments.

**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	ORC 117.38 and OAC 117-2-03 (B) – failure to file financial statements prepared in accordance with generally accepted accounting principles (GAAP).	No	See Finding Number 2009-002
2008-002	Failure to reconcile between the finance system and subsidiary property tax system	No	See Finding Number 2009-003







**Mary Taylor, CPA**  
Auditor of State

**MERCER COUNTY FINANCIAL CONDITION**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 14, 2010**