



OHIO AUDITOR OF STATE
KEITH FABER



**MERCER COUNTY
DECEMBER 31, 2021**

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DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Mercer County
220 West Livingston Street
Celina, Ohio 45822

To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, Ohio (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Motor Vehicle, Developmental Disabilities, Adult Detention Facility, and Local Fiscal Recovery funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

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

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 24, 2022

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Mercer County
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities	Business- Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$31,262,042	\$4,925,506	\$36,187,548
Cash and Cash Equivalents in Segregated Accounts	28,516	0	28,516
Cash and Cash Equivalents with Fiscal Agent	3,324,336	0	3,324,336
Total Assets	<u>\$34,614,894</u>	<u>\$4,925,506</u>	<u>\$39,540,400</u>
<u>Net Position</u>			
Restricted for			
Debt Service	\$76,614	\$0	\$76,614
Capital Projects	336,268	0	336,268
American Rescue Plan	3,921,459	0	3,921,459
Public Safety	239,823	0	239,823
Public Works	3,767,513	0	3,767,513
Health	899,277	0	899,277
Human Services	12,193,029	0	12,193,029
Conservation and Recreation	352,795	0	352,795
Economic Development and Assistance	439,395	0	439,395
Other Purposes	2,995,945	0	2,995,945
Unrestricted	9,392,776	4,925,506	14,318,282
Total Net Position	<u>\$34,614,894</u>	<u>\$4,925,506</u>	<u>\$39,540,400</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	Program Receipts			
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
General Government				
Legislative and Executive	\$6,729,341	\$2,148,687	\$266,445	\$0
Judicial	2,440,898	903,381	295,199	0
Public Safety	7,315,713	413,267	422,488	0
Public Works	10,628,994	3,902,242	7,513,015	1,374,118
Health	1,230,534	72,697	137,892	0
Human Services	11,523,008	103,357	5,886,416	0
Conservation and Recreation	2,410,095	0	328,072	0
Economic Development and Assistance	2,015,954	14,552	1,091,044	0
Capital Outlay	522,109	0	0	0
Debt Service				
Principal Retirement	2,567,131	0	0	0
Interest and Fiscal Charges	129,113	0	0	0
Total Governmental Activities	47,512,890	7,558,183	15,940,571	1,374,118
<u>Business-Type Activities</u>				
Sanitary Sewer	2,026,971	1,939,224	0	0
Other Enterprise				
Water	29,465	167,640	0	0
Solid Waste	40,862	78,517	0	0
Ambulance	1,141,837	1,052,456	9,975	0
Total Business-Type Activities	3,239,135	3,237,837	9,975	0
Total	\$50,752,025	\$10,796,020	\$15,950,546	\$1,374,118
<u>General Receipts</u>				
Property Taxes Levied for				
General Operating				
Developmental Disabilities				
County Home				
Children's Services				
Sales Taxes				
General Operating				
Adult Detention Facility				
Grants and Entitlements not Restricted to Other Programs				
Interest				
Other				
Bond Anticipation Notes Issued				
Revenue Bonds Issued				
Total General Receipts				
Advances				
Total General Receipts and Advances				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See Accompanying Notes to the Basic Financial Statements

Net (Disbursements) Receipts and
Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$4,314,209)	\$0	(\$4,314,209)
(1,242,318)	0	(1,242,318)
(6,479,958)	0	(6,479,958)
2,160,381	0	2,160,381
(1,019,945)	0	(1,019,945)
(5,533,235)	0	(5,533,235)
(2,082,023)	0	(2,082,023)
(910,358)	0	(910,358)
(522,109)	0	(522,109)
(2,567,131)	0	(2,567,131)
(129,113)	0	(129,113)
<u>(22,640,018)</u>	<u>0</u>	<u>(22,640,018)</u>
0	(87,747)	(87,747)
0	138,175	138,175
0	37,655	37,655
0	(79,406)	(79,406)
<u>0</u>	<u>8,677</u>	<u>8,677</u>
<u>(22,640,018)</u>	<u>8,677</u>	<u>(22,631,341)</u>
2,619,403	0	2,619,403
4,391,523	0	4,391,523
723,631	0	723,631
451,350	0	451,350
7,090,181	0	7,090,181
3,544,801	0	3,544,801
5,425,257	0	5,425,257
323,516	0	323,516
4,271,710	62,022	4,333,732
767,700	0	767,700
360,000	0	360,000
29,969,072	62,022	30,031,094
19,227	(19,227)	0
<u>29,988,299</u>	<u>42,795</u>	<u>30,031,094</u>
7,348,281	51,472	7,399,753
27,266,613	4,874,034	32,140,647
<u>34,614,894</u>	<u>\$4,925,506</u>	<u>\$39,540,400</u>

Mercer County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2021

	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,366,976	\$3,103,257	\$6,670,601	\$3,915,364
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	3,324,336	0
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	207,616	0	0	0
Total Assets	\$4,574,592	\$3,103,257	\$9,994,937	\$3,915,364
<u>Fund Balances</u>				
Nonspendable	\$207,616	\$0	\$0	\$0
Restricted	1,658	3,103,257	9,994,937	0
Committed	0	0	0	3,915,364
Assigned	3,128,301	0	0	0
Unassigned	1,237,017	0	0	0
Total Fund Balances	\$4,574,592	\$3,103,257	\$9,994,937	\$3,915,364

See Accompanying Notes to the Basic Financial Statements

Local Fiscal Recovery	Other Governmental	Total
\$3,921,459	\$9,076,769	\$31,054,426
0	28,516	28,516
0	0	3,324,336
0	0	207,616
<u>\$3,921,459</u>	<u>\$9,105,285</u>	<u>\$34,614,894</u>
\$0	\$0	\$207,616
3,921,459	7,993,191	25,014,502
0	60,325	3,975,689
0	1,051,769	4,180,070
0	0	1,237,017
<u>\$3,921,459</u>	<u>\$9,105,285</u>	<u>\$34,614,894</u>

Mercer County
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
<u>Receipts</u>				
Property Taxes	\$2,619,403	\$0	\$4,391,523	\$0
Sales Taxes	7,090,181	0	0	3,544,801
Special Assessments	0	0	0	0
Charges for Services	2,384,154	2,662,024	0	0
Licenses and Permits	3,984	0	0	0
Fines and Forfeitures	50,891	32,333	0	0
Intergovernmental	1,917,964	8,866,426	1,466,824	4,630
Interest	319,094	20,707	2,779	0
Donations	220	0	1,380	0
Other	916,657	152,227	339,445	15,719
Total Receipts	15,302,548	11,733,717	6,201,951	3,565,150
<u>Disbursements</u>				
Current				
General Government				
Legislative and Executive	5,931,523	0	0	0
Judicial	2,022,338	0	0	0
Public Safety	3,525,421	0	0	2,815,698
Public Works	13,587	10,339,713	0	0
Health	496,334	0	0	0
Human Services	320,777	0	5,028,379	0
Conservation and Recreation	318,578	0	0	0
Economic Development and Assistance	407,548	0	0	0
Other	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Disbursements	13,036,106	10,339,713	5,028,379	2,815,698
Excess of Receipts Over (Under) Disbursements	2,266,442	1,394,004	1,173,572	749,452
<u>Other Financing Sources (Uses)</u>				
Bond Anticipation Notes Issued	0	0	0	0
Revenue Bonds Issued	0	0	0	0
Advances In	2,717,084	1,000	0	0
Advances Out	(3,629,396)	(1,000)	0	0
Transfers In	0	0	0	765,000
Transfers Out	(1,269,006)	(494,331)	0	(1,151,135)
Total Other Financing Sources (Uses)	(2,181,318)	(494,331)	0	(386,135)
Changes in Fund Balances	85,124	899,673	1,173,572	363,317
Fund Balances at Beginning of Year	4,489,468	2,203,584	8,821,365	3,552,047
Fund Balances at End of Year	\$4,574,592	\$3,103,257	\$9,994,937	\$3,915,364

See Accompanying Notes to the Basic Financial Statements

Local Fiscal Recovery	Other Governmental	Total
\$0	\$1,174,981	\$8,185,907
0	0	10,634,982
0	961,021	961,021
0	1,205,095	6,251,273
0	173,930	177,914
0	84,751	167,975
3,998,589	6,346,549	22,600,982
0	109,561	452,141
0	8,739	10,339
0	2,847,662	4,271,710
<u>3,998,589</u>	<u>12,912,289</u>	<u>53,714,244</u>
0	791,293	6,722,816
28,800	389,760	2,440,898
0	974,594	7,315,713
0	275,694	10,628,994
48,330	685,870	1,230,534
0	6,173,852	11,523,008
0	2,091,517	2,410,095
0	1,608,406	2,015,954
0	6,525	6,525
0	522,109	522,109
0	2,567,131	2,567,131
0	129,113	129,113
<u>77,130</u>	<u>16,215,864</u>	<u>47,512,890</u>
<u>3,921,459</u>	<u>(3,303,575)</u>	<u>6,201,354</u>
0	767,700	767,700
0	360,000	360,000
0	3,604,658	6,322,742
0	(2,673,119)	(6,303,515)
0	2,163,548	2,928,548
0	(14,076)	(2,928,548)
<u>0</u>	<u>4,208,711</u>	<u>1,146,927</u>
3,921,459	905,136	7,348,281
<u>0</u>	<u>8,200,149</u>	<u>27,266,613</u>
<u>\$3,921,459</u>	<u>\$9,105,285</u>	<u>\$34,614,894</u>

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, 2021

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts</u>				
Property Taxes	\$2,406,000	\$2,406,000	\$2,606,581	\$200,581
Sales Taxes	6,000,000	6,000,000	7,090,181	1,090,181
Charges for Services	1,955,025	1,955,025	2,381,518	426,493
Licenses and Permits	2,750	2,750	3,984	1,234
Fines and Forfeitures	42,200	42,200	50,784	8,584
Intergovernmental	1,660,831	1,660,831	1,917,964	257,133
Interest	220,250	220,250	322,267	102,017
Donations	10,000	10,000	220	(9,780)
Other	934,822	934,822	917,192	(17,630)
Total Receipts	13,231,878	13,231,878	15,290,691	2,058,813
<u>Disbursements</u>				
Current				
General Government				
Legislative and Executive	7,242,364	6,883,385	6,166,962	716,423
Judicial	2,420,573	2,422,542	2,089,000	333,542
Public Safety	4,704,659	3,912,205	3,714,287	197,918
Public Works	153,445	13,710	13,587	123
Health	498,289	500,203	496,731	3,472
Human Services	489,453	450,087	344,463	105,624
Conservation and Recreation	276,530	276,530	318,578	(42,048)
Economic Development and Assistance	550,000	550,000	445,708	104,292
Total Disbursements	16,335,313	15,008,662	13,589,316	1,419,346
Excess of Receipts Over (Under) Disbursements	(3,103,435)	(1,776,784)	1,701,375	3,478,159
<u>Other Financing Sources (Uses)</u>				
Advances In	29,126	24,632	2,717,084	2,692,452
Advances Out	0	(1,738,496)	(3,629,396)	(1,890,900)
Transfers Out	0	(1,269,006)	(1,269,006)	0
Total Other Financing Sources (Uses)	29,126	(2,982,870)	(2,181,318)	801,552
Changes in Fund Balance	(3,074,309)	(4,759,654)	(479,943)	4,279,711
Fund Balance at Beginning of Year	3,803,187	3,803,187	3,803,187	0
Prior Year Encumbrances Appropriated	485,000	485,000	485,000	0
Fund Balance (Deficit) at End of Year	\$1,213,878	(\$471,467)	\$3,808,244	\$4,279,711

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Motor Vehicle Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Charges for Services	\$2,230,900	\$2,230,900	\$2,662,024	\$431,124
Fines and Forfeitures	36,000	36,000	32,220	(3,780)
Intergovernmental	9,144,512	9,144,512	8,866,426	(278,086)
Interest	30,000	30,000	20,707	(9,293)
Other	71,250	71,250	152,227	80,977
Total Receipts	11,512,662	11,512,662	11,733,604	220,942
<u>Disbursements</u>				
Current				
Public Works	12,912,516	13,065,726	11,620,679	1,445,047
Excess of Receipts Over (Under) Disbursements	(1,399,854)	(1,553,064)	112,925	1,665,989
<u>Other Financing Sources (Uses)</u>				
Advances In	3,000	3,000	1,000	(2,000)
Advances Out	(3,000)	(4,000)	(1,000)	3,000
Transfers Out	(496,255)	(496,255)	(494,331)	1,924
Total Other Financing Sources (Uses)	(496,255)	(497,255)	(494,331)	2,924
Changes in Fund Balance	(1,896,109)	(2,050,319)	(381,406)	1,668,913
Fund Balance at Beginning of Year	989,680	989,680	989,680	0
Prior Year Encumbrances Appropriated	1,205,522	1,205,522	1,205,522	0
Fund Balance at End of Year	\$299,093	\$144,883	\$1,813,796	\$1,668,913

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Developmental Disabilities Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Property Taxes	\$4,283,500	\$4,283,500	\$4,374,371	\$90,871
Intergovernmental	1,059,275	1,059,275	1,466,824	407,549
Donations	1,500	1,500	1,380	(120)
Other	190,480	190,480	214,445	23,965
Total Receipts	5,534,755	5,534,755	6,057,020	522,265
<u>Disbursements</u>				
<u>Current</u>				
Human Services	5,863,809	5,863,809	5,192,988	670,821
Changes in Fund Balance	(329,054)	(329,054)	864,032	1,193,086
Fund Balance at Beginning of Year	5,539,732	5,539,732	5,539,732	0
Prior Year Encumbrances Appropriated	40,809	40,809	40,809	0
Fund Balance at End of Year	\$5,251,487	\$5,251,487	\$6,444,573	\$1,193,086

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Adult Detention Facility Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts</u>				
Sales Taxes	\$3,150,000	\$3,150,000	\$3,544,801	\$394,801
Intergovernmental	9,000	9,000	4,630	(4,370)
Other	7,500	7,500	15,719	8,219
Total Receipts	3,166,500	3,166,500	3,565,150	398,650
<u>Disbursements</u>				
Current				
Public Safety	3,170,150	3,193,242	2,974,390	218,852
Excess of Receipts Over (Under) Disbursements	(3,650)	(26,742)	590,760	617,502
<u>Other Financing Sources (Uses)</u>				
Transfers In	765,000	765,000	765,000	0
Transfers Out	(1,150,285)	(1,151,135)	(1,151,135)	0
Total Other Financing Sources (Uses)	(385,285)	(386,135)	(386,135)	0
Changes in Fund Balance	(388,935)	(412,877)	204,625	617,502
Fund Balance at Beginning of Year	3,284,705	3,284,705	3,284,705	0
Prior Year Encumbrances Appropriated	267,342	267,342	267,342	0
Fund Balance at End of Year	\$3,163,112	\$3,139,170	\$3,756,672	\$617,502

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Local Fiscal Recovery Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Intergovernmental	\$3,998,589	\$3,998,589	\$3,998,589	\$0
<u>Disbursements</u>				
Current				
General Government				
Judicial	28,800	28,800	28,800	0
Health	404,336	404,336	347,080	57,256
Total Disbursements	433,136	433,136	375,880	57,256
Changes in Fund Balance	3,565,453	3,565,453	3,622,709	57,256
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$3,565,453</u>	<u>\$3,565,453</u>	<u>\$3,622,709</u>	<u>\$57,256</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Fund Net Position - Cash Basis
Enterprise Funds
December 31, 2021

	Sanitary Sewer	Other Enterprise	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,582,767	\$2,342,739	\$4,925,506
<u>Net Position</u>			
Unrestricted	\$2,582,767	\$2,342,739	\$4,925,506

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Revenues, Expenses, and Changes in Fund Net Position - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2021

	Sanitary Sewer	Other Enterprise	Total
<u>Operating Revenues</u>			
Charges for Services	\$1,939,224	\$1,298,613	\$3,237,837
Other	61,748	274	62,022
Total Operating Revenues	<u>2,000,972</u>	<u>1,298,887</u>	<u>3,299,859</u>
<u>Operating Expenses</u>			
Personal Services	463,221	169,566	632,787
Contractual Services	992,535	632,082	1,624,617
Materials and Supplies	114,733	390,842	505,575
Other	60	0	60
Debt Service			
Principal Retirement	422,733	16,727	439,460
Total Operating Expenses	<u>1,993,282</u>	<u>1,209,217</u>	<u>3,202,499</u>
Operating Income	<u>7,690</u>	<u>89,670</u>	<u>97,360</u>
<u>Non-Operating Revenues (Expenses)</u>			
Grants	0	9,975	9,975
Interest Expense	(33,689)	(2,947)	(36,636)
Total Non-Operating Revenues (Expenses)	<u>(33,689)</u>	<u>7,028</u>	<u>(26,661)</u>
Income (Loss) Before Advances	(25,999)	96,698	70,699
Advances In	27,950	1,460	29,410
Advances Out	(46,425)	(2,212)	(48,637)
Changes in Net Position	(44,474)	95,946	51,472
Net Position at Beginning of Year	<u>2,627,241</u>	<u>2,246,793</u>	<u>4,874,034</u>
Net Position at End of Year	<u><u>\$2,582,767</u></u>	<u><u>\$2,342,739</u></u>	<u><u>\$4,925,506</u></u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2021

	Sanitary Sewer	Other Enterprise	Total
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$1,939,224	\$1,298,613	\$3,237,837
Cash Received from Other Revenues	61,748	274	62,022
Cash Payments for Personal Services	(463,221)	(169,566)	(632,787)
Cash Payments for Contractual Services	(992,535)	(632,082)	(1,624,617)
Cash Payments for Supplies	(114,733)	(390,842)	(505,575)
Cash Payments for Other Expenses	(60)	0	(60)
Net Cash Provided by Operating Activities	<u>430,423</u>	<u>106,397</u>	<u>536,820</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Cash Received from Grants	0	9,975	9,975
Cash Received from Advances In	27,950	1,460	29,410
Cash Payments for Advances Out	(46,425)	(2,212)	(48,637)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(18,475)</u>	<u>9,223</u>	<u>(9,252)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on OPWC Loans	(47,500)	0	(47,500)
Principal Paid on OWDA Loans	(375,233)	(16,727)	(391,960)
Interest Paid on OWDA Loans	(33,689)	(2,947)	(36,636)
Net Cash Used for Capital and Related Financing Activities	<u>(456,422)</u>	<u>(19,674)</u>	<u>(476,096)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(44,474)	95,946	51,472
Cash and Cash Equivalents at Beginning of Year	<u>2,627,241</u>	<u>2,246,793</u>	<u>4,874,034</u>
Cash and Cash Equivalents at End of Year	<u>\$2,582,767</u>	<u>\$2,342,739</u>	<u>\$4,925,506</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Cash Basis Fiduciary Net Position
Custodial Funds
December 31, 2021

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,462,288
Cash and Cash Equivalents in Segregated Accounts	<u>312,344</u>
Total Assets	<u><u>\$10,774,632</u></u>
 <u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$10,774,632</u></u>

See Accompanying Notes to the Basic Financial Statements

Mercer County, Ohio
Statement of Change in Fiduciary Net Position - Cash Basis
Custodial Funds
For the Year Ended December 31, 2021

<u>Additions</u>	
Intergovernmental Amounts for Other Governments	\$5,406,625
Amounts Received as Fiscal Agent	10,963,560
Licenses, Permits, and Fees for Other Governments	8,343,444
Fines and Forfeitures for Other Governments	294,592
Property Tax Collections for Other Governments	39,378,279
Sheriff Sales Collections for Others	316,819
Other	<u>191,196</u>
 Total Additions	 <u>64,894,515</u>
<u>Deductions</u>	
Distributions to the State of Ohio	384,193
Distributions of State Funds to Other Governments	2,465,452
Distributions to Other Governments	63,458
Distributions as Fiscal Agent	8,620,182
Licenses, Permits, and Fees Distributions to Other Governments	8,086,494
Fines and Forfeitures Distributions to Other Governments	294,394
Property Tax Distributions to Other Governments	42,189,280
Sheriff Sales Distributions to Others	<u>321,819</u>
 Total Deductions	 <u>62,425,272</u>
 Net Increase in Fiduciary Net Position	 2,469,243
 Net Position Beginning of Year	 <u>8,305,389</u>
 Net Position End of Year	 <u><u>\$10,774,632</u></u>

See Accompanying Notes to the Basic Financial Statements

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Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Mercer County in 2021.

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 custodial funds within the financial statements:

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity (continued)

The County participates in four jointly governed organizations, three insurance pools, and two related organizations. These organizations are presented in Notes 18, 19, and 20 to the basic financial statements. These organizations are:

Mercer County Regional Planning Commission
Tri-County Mental Health Board
West Central Ohio Network
Grand Lake Saint Marys Lake Facilities Authority
County Commissioners Association of Ohio Service Corporation
Midwest Pool Risk Management Agency, Inc.
Midwest Employee Benefit Consortium
Mercer County District Library
Lakefield Airport Authority

Note 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. 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position 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.

The statement of net position 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 receipts of the County.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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. Nonmajor 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.

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, and the Motor Vehicle, Developmental Disabilities, Adult Detention Facility, and the Local Fiscal Recovery special revenue funds.

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 a county-wide property tax levy and federal and state grants restricted for the operation of a school for the developmentally disabled.

Adult Detention Facility Fund - This fund accounts for a voted sales tax levy, charges to other governments for prisoner housing, and transfers from the General Fund restricted for operating the adult detention facility.

Local Fiscal Recovery Fund - This fund accounts for the County's portion of American Rescue Plan funding to respond to the COVID-19 public health emergency.

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

Proprietary Funds

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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 only major enterprise fund is the Sanitary Sewer Fund.

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 and grants for water treatment, solid waste management, and ambulance services.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The County's fiduciary funds are custodial funds. Custodial funds are primarily used to account for assets held by the County as fiscal agent for the Board of Health and other districts and entities; for various taxes, assessments, fines and fees collected for the benefit of and distributed to other governments; and for State shared resources received from the State and distributed to other local governments.

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.

D. Budgetary Process

All funds, except custodial 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/department/object level for all funds.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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 final 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.

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 Agent”.

During 2021, the County invested in negotiable and nonnegotiable certificates of deposit, federal agency securities, U.S. Treasury securities, municipal securities, mutual funds, commercial paper, and STAR Ohio. Investments are reported at cost or at fair value for mutual funds and net value per share for STAR Ohio. The County’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, “Certain External Investment Pools and Pool Participants”. The County measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million requiring the excess amount to be transacted the following business day(s) but only to the \$250 million limit. All accounts of the participant will be combined for this purpose.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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 2021 were \$319,094 which includes \$272,683 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.

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

J. Net Position

Net position is reported as restricted when there are limitations imposed on its 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 position restricted for other purposes primarily includes resources restricted for the upkeep of the County's roads and bridges, child support and welfare services, services for the handicapped and mentally disabled, operation of the adult detention facility, 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

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

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

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Committed - The committed classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the County Commissioners. The committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2022 budget along with amounts for auto title administration, economic development, capital improvements, building maintenance, flood damage, document recording, and other miscellaneous purposes.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

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 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 nonoperating.

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.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

N. Pension/Other Postemployment Benefits

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

Note 3 - Compliance

For the year ended December 31, 2021, the General Fund and the Hava Cyber Grant special revenue funds had final appropriations in excess of estimated resources plus available balances, in the amount of \$471,467 and \$5,570, respectively. The County will review appropriations to ensure they are within amounts available.

For the year ended December 31, 2021, the Treasurer Department within the General Government - Legislative and Executive program and Fairboard Department within the Conservation and Recreation program of the General Fund had expenditures plus encumbrances in excess of appropriations at the legal level of budgetary control, in the amount of \$38,795 and \$42,530, respectively. The County will review budgetary activity to ensure that expenditures are within amounts appropriated.

Ohio Administrative Code Section 117-2-03(B) requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For 2021, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standard Board Statement No. 34, report on the basis of cash receipts and cash disbursements rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised 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.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund, and the Motor Vehicle, Developmental Disabilities, Adult Detention Facility, and Local Fiscal Recovery special revenues funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General Fund, Motor Vehicle Fund, Developmental Disabilities Fund, Adult Detention Facility Fund, and Local Fiscal Recovery Fund were \$551,785, \$1,280,777, \$38,402, \$158,692, and \$298,750, respectively.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 - 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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 the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts in eligible institutions pursuant to Ohio Revised Code Section 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in division (1) or (2) above; commercial paper as described in Ohio Revised Code Section 135.143(A)(6); and repurchase agreements secured by such obligations provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 - Deposits and Investments (continued)

9. Up to forty percent of the County's average portfolio in either of the following if training requirements have been met:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, which mature within two hundred seventy days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate of 5 percent of interim monies available for investment at the time of purchase;
 - b. bankers acceptances that are insured by the federal deposit insurance corporation and which mature not later than 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 the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit provided certain conditions are met related to a County land reutilization corporation organized under Ohio Revised Code Chapter 1724; and,
12. Up to 2 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, 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. Except as noted above, all investments must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that they will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 - Deposits and Investments (continued)

Investments

As of December 31, 2021, the County had the following investments:

Measurement/Investment	Measurement Amount	Up to Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Cost					
Negotiable Certificates of Deposit	\$7,512,815	\$2,080,356	\$491,530	\$1,981,582	\$2,959,347
Federal Farm Credit Bank Notes	2,256,377	0	0	0	2,256,377
Federal Home Loan Bank Notes	1,009,252	0	0	500,000	509,252
Federal Home Loan Mortgage Corporation Notes	250,000	0	0	0	250,000
Federal National Mortgage Association Notes	1,519,445	0	0	0	1,519,445
U.S. Treasury Notes	3,630,596	0	0	496,045	3,134,551
Municipal Securities	2,164,451	733,077	80,000	132,699	1,218,675
Fair Value					
Mutual Fund	1,552	1,552	0	0	0
Amortized Cost					
Commercial Paper	3,277,053	3,277,053	0	0	0
Net Value Per Share					
STAR Ohio	8,696,608	8,696,608	0	0	0
Total Investments	\$30,318,149	\$14,788,646	\$571,530	\$3,110,326	\$11,847,647

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 negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, U.S. Treasury Notes, and mutual fund carry a rating of Aaa by Moodys. For municipal securities, \$1,100,000 is rated Aaa, \$140,000 is rated Aa2, and \$100,599 is rated A2 by Moody's and the remainder is not rated. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standards and Poor's. The County has no policy regarding interest rate or credit risk beyond the requirements of State statute. Ohio law requires mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Commercial paper must be rated in the highest category at the time of purchase by two nationally recognized standard rating services. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 - 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 applicable investment to the County's total portfolio.

	Cost Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$7,512,815	24.78%
Federal Farm Credit Bank Notes	2,256,377	7.44
Federal Home Loan Bank Notes	1,009,252	3.33
Federal Home Loan Mortgage Corporation Notes	250,000	.82
Federal National Mortgage Association Notes	1,519,445	5.01
U.S. Treasury Notes	3,630,596	11.97
Municipal Securities	2,164,451	7.14
Commercial Paper	3,277,053	10.81

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2021 represent the collection of 2020 taxes. Real property taxes received in 2021 were levied after October 1, 2020, on the assessed values as of January 1, 2020, 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 2021 represent the collection of 2020 taxes. Public utility real and tangible personal property taxes received in 2021 became a lien on December 31, 2019, were levied after October 1, 2020, 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.

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 custodial funds. The amount of the County's tax collections is accounted for within the applicable funds.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 6 - Property Taxes (continued)

The full tax rate for all County operations for the year ended December 31, 2021, was \$11.96 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$1,034,595,030
Commercial/Industrial/Mineral	106,086,140
Public Utility Property	
Real	251,740
Personal	32,311,000
Total Assessed Value	<u>\$1,173,243,910</u>

Note 7 - 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 fifteen year 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.

Note 8 - Interfund Activity

During 2021, the County made a number of cash advances to various funds. As of December 31, 2021, \$4,937,828 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 to the General Fund from the other governmental funds and the Sanitary Sewer enterprise fund are \$3,457,591 and \$17,856, respectively. Advances expected to be repaid within one year to other business-type funds from other governmental funds is \$2,212.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - 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 2021, 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	87,674,000
Earthquake	36,000,000
Flood	36,000,000
Comprehensive Boiler and Machinery	100,000,000

There has been no significant reduction in insurance coverage from 2020 and settled claims have not exceeded insurance coverages in the past three years.

For 2021, 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.

B. Workers' Compensation

For 2021, 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.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Risk Management (continued)

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 existing member subsequent to the settlement of all expenses and claims.

Note 10 - Significant Contractual Commitments

The County had the following contractual commitments outstanding as of December 31, 2021:

Contractor	Purpose	Commitment
Access Engineering Solutions	County Home Demolition	\$15,000
Baumer Construction	Bridge Building and Alternates	83,382
Braun Excavating	Hayes Road Reconstruction	49,729
Braun Excavating	Rice Road Reconstruction	176,156
Braun Excavating	Celanco Two State Ditch and Wetland Restoration	22,060
Davis & Newcomer Elevator, Inc.	Courthouse Elevator Modernization Project	298,750
Garmann Miller and Associates	Agricultural Service Center Improvements	69,606
HDR Engineering, Inc.	Eng Rail Spur/Versa Pak	21,799
Jerome Martens	4 Rd Dirt Project-Hayes, Rice, Sebastian, and Wabash	25,000
KC Enterprises	Rehab/Vian	27,332
Koester Electric, Inc.	County Home Generator	38,000
Mack Industries	C110-5.83B St Anthony Precast Concrete Box	51,612
Rush Truck Center	2022 HV 607 6x4 Cab and Chassis	98,123
Shinn Brothers, Inc.	Montezuma Drainage	321,158
Southeaster Equipment	2021 Centennial 3,500 Gallon Distributor	75,094
Strand Associates, Inc.	CW Creek Stream Flow	16,361
Tom's Construction	Sebastian Road Reconstruction	140,775
Tom's Construction	Wabash Road Reconstruction	344,936
Warren Power Attachments	Trailer Mounted Spray Injection Patcher	57,910

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 - Significant Contractual Commitments (continued)

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2022 are as follows:

General Fund	\$551,785
Motor Vehicle	1,280,777
Developmental Disabilities	38,402
Adult Detention Facility	158,692
Local Fiscal Recovery	298,750
Other Governmental Funds	514,401

Note 11 - Defined Benefit Pension Plan

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Asset

Pensions and OPEB are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the County's proportionate share of the pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation, including pension and OPEB.

GASB Statements No. 68 and No. 75 assume the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement system may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement system to amortize unfunded liabilities within thirty years. If the pension amortization period exceeds thirty years, the retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement system to provide health care to eligible benefit recipients.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 - Defined Benefit Pension Plan (continued)

The net pension/OPEB liability (asset) are not reported on the face of the financial statements but rather are disclosed in the notes to the financial statements because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 12 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing multiple-employer defined benefit/defined contribution plan. Participating employers are divided into state, local, public safety, and law enforcement divisions. While members in the state and local divisions may participate in all three plans, public safety and law enforcement divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information including requirements for reduced and unreduced benefits).

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 - Defined Benefit Pension Plan (continued)

Group A Eligible to retire prior to January 7 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other groups and members hired on or after January 7 2013
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost of living adjustment.

When a traditional plan benefit recipient has received benefits for twelve months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index capped at 3 percent.

Note 11 - Defined Benefit Pension Plan (continued)

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

Beginning in 2022, the combined plan will be consolidated under the traditional plan (defined benefit plan) and the combined plan option will no longer be available for newly hired employees.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 - Defined Benefit Pension Plan (continued)

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

	State and Local	Public Safety	Law Enforcement
2021 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2021 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

*** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2021, the County's contractually required contribution was \$2,015,027 for the traditional plan, \$71,303 for the combined plan, and \$38,022 for the member-directed plan.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 - Defined Benefit Pension Plan (continued)

Net Pension Liability (Asset)

The net pension liability (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share.

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.09774930%	0.14451184%	
Prior Measurement Date	0.09200101%	0.13366262%	
Change in Proportionate Share	0.00574829%	0.01084922%	
 Proportionate Share:			
Net Pension Liability	\$14,474,543	\$0	\$14,474,543
Net Pension Asset	\$0	\$417,153	\$417,153

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	.5 percent simple through 2021, then 2.15 percent simple	.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	individual entry age	individual entry age

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 - Defined Benefit Pension Plan (continued)

In October 2020, the OPERS Board adopted a change in the COLA for Post-January 7, 2013, retirees, changing it from 1.4 percent simple through 2020 then 2.15 percent simple to .5 percent simple through 2021 then 2.15 percent simple.

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. Each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 - Defined Benefit Pension Plan (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for all three plans was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
County's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	\$27,610,267	\$14,474,543	\$3,552,210
OPERS Combined Plan	(\$290,469)	(\$417,153)	(\$511,572)

Changes Between the Measurement Date and the Reporting Date

During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Note 12 - Defined Benefit OPEB Plan

Net OPEB Asset

See Note 11 for a description of the net OPEB Asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

Note 12 - Defined Benefit OPEB Plan (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment health care trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement (HRA) to qualifying benefit recipients of both the traditional and combined pension plans. Currently, Medicare eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses, and dependents with selecting a medical and pharmacy plan. Monthly allowances based on years of service and the age at which the retiree first enrolled in OPERS coverage are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription drug coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare eligible retirees who choose to become reemployed or survivors who become employed in an OPERS covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA account balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and reemployed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension plans must have twenty or more years of qualifying Ohio service credit and a minimum age of sixty or generally thirty years of qualifying service credit at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 - Defined Benefit OPEB Plan (continued)

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional and combined plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. For 2021, OPERS did not allocate any employer contributions to health care for members of the traditional and combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2021.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$15,208 for 2021.

Net OPEB Asset

The net OPEB asset and the total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB asset was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share.

	OPERS
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.09029855%
Prior Measurement Date	0.09155312%
Change in Proportionate Share	0.00125457%
Proportionate Share of the Net OPEB Asset	\$1,608,740

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 - Defined Benefit OPEB Plan (continued)

Actuarial Assumptions

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	6 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return	6 percent
Municipal Bond Rate:	
Current Measurement Date	2 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent initial 3.5 percent ultimate in 2035
Prior Measurement Date	10.5 percent initial 3.5 percent ultimate in 2030
Actuarial Cost Method	individual entry age

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 - Defined Benefit OPEB Plan (continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2020, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	

Discount Rate - A single discount rate of 6 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB asset on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 2 percent (Fidelity Index's "Twenty-Year Municipal GO AA Index"). The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2120; the duration of the projection period through which projected health care payments are fully funded.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 - Defined Benefit OPEB Plan (continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the County's proportionate share of the net OPEB asset calculated using the single discount rate of 6 percent as well as what the County's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5 percent) or one percentage point higher (7 percent) than the current rate.

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
County's Proportionate Share of the Net OPEB Asset	\$400,023	\$1,608,740	\$2,602,404

Sensitivity of the County's Proportionate Share of the Net OPEB asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using assumed trend rates and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.5 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's Proportionate Share of the Net OPEB Asset	\$1,647,948	\$1,608,740	\$1,564,874

Changes Between the Measurement Date and the Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effect of these changes are unknown.

Note 13 - 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, depending on hire date, are paid for 25 or 50 percent of accumulated unused sick leave upon retirement at the rate of pay in effect at the time of retirement.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 14 - Short-Term Obligations

The County's short-term obligations activity for the year ended December 31, 2021, was as follows:

	Interest Rate	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Fund					
2020 Ditch Improvement	0.75%	\$718,800	\$0	\$718,800	\$0

According to Ohio law, notes may be issued in anticipation of bond proceeds or for up to 50 percent of anticipated revenue collections. The County has issued bond anticipation notes with a maturity of one year which will be reissued until paid in full or until bonds are issued.

The 2020 ditch improvement notes were issued for ditch improvements to the Faller Hecht Tile, Gansert Weitz Tile, Camedawn Smallery Tile, and Utgard Kohnen 127 Tile. The bond anticipation notes were issued on August 7, 2020, and matured on August 5, 2021.

Note 15 - Long-Term Obligations

The County's long-term debt activity for the year ended December 31, 2021, was as follows:

	Interest Rate	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
<u>Governmental Activities</u>						
Bond Anticipation Notes from Direct Placement						
2021 Ditch Improvement	1.15%	\$0	767,700	\$0	\$767,700	\$50,000
General Obligation Bonds						
Adult Detention Facility Refunding (Original Amount \$4,475,000)	1-4	1,790,000	0	885,000	905,000	905,000
Revenue Bonds from Direct Placement						
2020 Industrial Park Revenue Bonds (Original Amount \$1,659,380)	2.5	1,647,000	0	365,000	1,282,000	0
2021 Industrial Park Revenue Bonds (Original Amount \$360,000)	0.0	0	360,000	0	360,000	36,000
Total Bonds		3,437,000	360,000	1,250,000	2,547,000	941,000
OPWC Loans from Direct Borrowings						
2001 Four Bridge Replacement (Original Amount \$76,979)	0.00	1,925	0	1,925	0	0
2002 Home Waterline Improvement (Original Amount \$80,000)	0.00	14,000	0	4,000	10,000	4,000

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 15 - Long-Term Obligations (continued)

	Interest Rate	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
<u>Governmental Activities (continued)</u>						
OPWC Loans from Direct Borrowings (continued)						
2002 Five Bridge Replacement (Original Amount \$60,000)	0.00%	\$10,500	\$0	\$3,000	\$7,500	\$1,500
2005 Six Bridge Repair (Original Amount \$60,225)	0.00	15,056	0	3,011	12,045	1,506
2007 Bridge Replacement (Original Amount \$137,801)	0.00	55,121	0	6,890	48,231	3,445
2009 Carthagen Road (Original Amount \$300,000)	0.00	142,500	0	15,000	127,500	7,500
2009 Bridge Replacement (Original Amount \$157,500)	0.00	70,874	0	7,875	62,999	3,938
2010 Bridge Replacement (Original Amount \$142,500)	0.00	71,250	0	7,125	64,125	3,562
2011 County Road 30B Improvement (Original Amount \$74,250)	0.00	40,838	0	3,713	37,125	1,856
2011 County Road 23 Improvement (Original Amount \$71,572)	0.00	42,943	0	3,579	39,364	1,789
2013 Bridge Replacement (Original Amount \$234,578)	0.00	170,069	0	11,729	158,340	5,864
2015 County Road 81 and 170 Road Improvements (Original Amount \$209,674)	0.00	162,496	0	10,484	152,012	5,242
Widening and Resurfacing (Original Amount \$300,000)	0.00	275,000	0	10,000	265,000	5,000
County Road 21b/Wabash Road (Original Amount \$300,000)	0.00	295,000	0	10,000	285,000	5,000
Total OPWC Loans from Direct Borrowings		1,367,572	0	98,331	1,269,241	50,202
LGIF Loans Payable from Direct Borrowings	0.00	2,200,000	0	500,000	1,700,000	400,000
Total Governmental Activities		\$7,004,572	\$1,127,700	\$1,848,331	\$6,283,941	\$1,441,202
<u>Business-Type Activities</u>						
OPWC Loans from Direct Borrowings						
2003 Philothea Area Wastewater (Original Amount \$300,000)	0.00%	\$30,000	\$0	\$15,000	\$15,000	\$7,500

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 15 - Long-Term Obligations (continued)

	Interest Rate	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Business-Type Activities (continued)						
OPWC Loans from Direct Borrowings (continued)						
2019 Carthageana Sanitary Sewer System (Original Amount \$975,000)	0.00%	\$958,750	\$0	\$32,500	\$926,250	\$16,250
Total OPWC Loans from Direct Borrowings		988,750	0	47,500	941,250	23,750
OWDA Loans from Direct Borrowings						
2002 SR 129 and Burge Road (Original Amount \$400,463)	3.49	26,902	0	26,902	0	0
2005 Lake Acres (Original Amount \$248,037)	2.75	71,605	0	17,175	54,430	17,650
East Jefferson Phase 3 Sewers (Original Amount \$1,091,575)	0.00	573,075	0	54,579	518,496	54,579
West Jefferson Township Sewer (Original Amount \$1,214,964)	0.00	485,988	0	60,748	425,240	60,748
Marion Township Sewer (Original Amount \$2,254,469)	1.00	1,239,538	0	112,537	1,127,001	113,665
Carthageana Sanitary Sewer System (Original Amount \$448,014)	0.91	432,419	0	14,273	418,146	0
MCI Lagoon (Original Amount \$1,121,386)	1.00	671,975	0	55,421	616,554	55,977
East Jefferson Water Line (Original Amount \$1,107,150)	0.91	959,678	0	33,598	926,080	33,905
Harbor Point Waterline Replacement (Original Amount \$380,438)	0.76	362,024	0	16,727	345,297	17,801
Total OWDA Loans from Direct Borrowings		4,823,204	0	391,960	4,431,244	354,325
Ohio Water and Sewer Loans from Direct Borrowings						
1991 Sandy Beach Area Sewer District (Original Amount \$42,822)	0.00	42,822	0	0	42,822	0
1992 Southwest Sewer (Original Amount \$269,223)	0.00	269,223	0	0	269,223	0
2001 Rotary SR 269 Sewer (Original Amount \$110,167)	0.00	88,673	0	0	88,673	0
Total Ohio Water and Sewer Loans From Direct Borrowings		400,718	0	0	400,718	0
Total Business-Type Activities		\$6,212,672	\$0	\$439,460	\$5,773,212	\$378,075

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 15 - Long-Term Obligations (continued)

Bond Anticipation Notes

The 2021 ditch improvement notes were issued to retire short-term bond anticipation notes previously issued for ditch improvements to the Faller Hecht Tile, Gansert Weitz Tile, Camedawn Smallery Tile, and Utgard Kohnen 127 Tile and for additional improvements to the Ganser Weitz Tile, Camedawn Smallery Tile, and Utgard Kohnene 127 Tile. The bond anticipation notes were issued on August 5, 2021, and mature on August 2, 2024.

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.

Adult Detention Facility Refunding - On April 28, 2016, the County issued bonds, in the amount of \$4,475,000, to partially refund bonds previously issued in 2008 for the construction of an adult detention center. The refunding bond issue consists of serial bonds. The bonds were issued for a six year period, with final maturity in 2022. The bonds are being retired through the General Obligation Bond debt service fund. The refunded bonds are fully retired.

Revenue Bonds

Revenue bonds are supported by a pledge of a specific revenue source for the repayment of principal and interest.

2020 Industrial Park Revenue Bonds - On April 3, 2020, the County issued \$1,659,380 in industrial park revenue bonds to construct road, water, sewer, storm sewer and related infrastructure improvements for the Marion Township Industrial Park. Marion Township has entered into an agreement with the County to assign the service payments from the development (annual service payments in lieu of taxes) to pay the principal and interest on the debt. Principal payments will be based on the annual revenue received by the County (based on the service payments); therefore, there is no established amortization schedule for the debt retirement. The bonds are not considered general obligation debt of the County. The bonds were issued for the twenty year period with final maturity in 2041. The bonds are being retired through the GO Bond Anticipation Note debt service fund.

2021 Industrial Park Revenue Bonds - On August 19, 2021, the County issued \$360,000 in industrial revenue bonds to construct road, water, sewer, storm sewer and related infrastructure improvements for the Marion Township Industrial Park. The bonds are not considered general obligation bonds of the County. The bonds were issued for a ten year period with final maturity in 2031. The bonds are being retired through the GO Bond Anticipation Note debt service fund

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. 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 enterprise portion of the OPWC loans. Total principal remaining on the enterprise related loans is \$941,250, payable through July 2050. For the current year, principal paid was \$47,500. For 2021, the Sanitary Sewer enterprise fund had an operating income of \$7,690.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 15 - Long-Term Obligations (continued)

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for various sewer projects. OWDA loans are payable solely from special assessments and from the gross revenues of the enterprise funds. An amortization schedule for the Carthagena Sanitary Sewer System loan is not available until the completion of the project and, therefore, not included in the schedule of future principal and interest requirements. Total principal and interest remaining on the completed OWDA loan projects is \$4,013,098 and \$231,976, respectively, payable through July 2046. For the current year, principal and interest paid from the Sanitary Sewer enterprise fund was \$375,233 and \$33,689, respectively and from the Water enterprise fund was \$16,727 and \$2,947, respectively. For 2021, the Sanitary Sewer enterprise fund had an operating income of \$7,690 and the Water enterprise fund had an operating income of \$141,122.

LGIF Loans

The County obtained eight interest free loans from the Local Government Innovative Fund program for a new engineer facility. The loans will be paid the LGIF-8 Eng Facility Bond debt service fund with gross revenues transferred from the Motor Vehicle special revenue fund. Total principal remaining on the loans is \$1,700,000, payable through January 31, 2026.

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 agricultural 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 agricultural 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.

At December 31, 2021, the County's overall debt margin was \$27,831,098 with an unvoted debt margin of \$11,732,439.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 15 - Long-Term Obligations (continued)

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

Year	From Direct Borrowings		
	Bond Anticipation Note	General Obligation Bonds	
	Principal	Principal	Interest
2022	\$50,000	\$905,000	\$18,100
2023	50,000	0	0
2024	667,700	0	0
	\$767,700	\$905,000	\$18,100

Year	From Direct Borrowings		
	Revenue Bonds	OPWC Loans	LGIF Loans
	Principal	Principal	Principal
2022	\$36,000	\$50,202	\$400,000
2023	36,000	96,404	400,000
2024	36,000	94,405	400,000
2025	36,000	89,404	400,000
2026	36,000	87,900	100,000
2027-2031	180,000	384,369	0
2032-2036	0	206,557	0
2037-2041	0	100,000	0
2042-2046	0	100,000	0
2047-2050	0	60,000	0
	\$360,000	\$1,269,241	\$1,700,000

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 15 - Long-Term Obligations (continued)

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

Year	From Direct Borrowings		
	OPWC	OWDA	
	Principal	Principal	Interest
2022	\$23,750	\$354,325	\$29,705
2023	40,000	356,980	27,051
2024	32,500	359,667	24,364
2025	32,500	343,233	21,770
2026	32,500	345,464	19,538
2027-2031	162,500	1,489,665	63,487
2032-2036	162,500	318,680	27,425
2037-2041	162,500	259,192	14,381
2042-2046	162,500	185,892	4,255
2047-2050	130,000	0	0
	<u>\$941,250</u>	<u>\$4,013,098</u>	<u>\$231,976</u>

Note 16 - Fund Balance

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

Fund Balance	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
Nonspendable for:				
Unclaimed Monies	\$207,616	\$0	\$0	\$0
Restricted for:				
Board of Developmental Disabilities Operations	0	0	9,994,937	0
Road and Bridge Repair/Improvement	0	3,103,257	0	0
Sheriff Operations	1,658	0	0	0
Total Restricted	<u>1,658</u>	<u>3,103,257</u>	<u>9,994,937</u>	<u>0</u>
Committed to:				
Adult Detention Facility Operations	0	0	0	3,915,364

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 16 - Fund Balance (continued)

Fund Balance	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
Assigned for:				
4-H Camp Improvements	\$25,510	\$0	\$0	\$0
Building Maintenance	127,649	0	0	0
Document Recording	110,593	0	0	0
Economic Development/ Rehabilitation	822,121	0	0	0
Flood Damage	8,859	0	0	0
Parent Education	890	0	0	0
Projected Budget Shortage	1,111,570	0	0	0
Sheriff Operations	15,007	0	0	0
Title Administration	434,806	0	0	0
Unpaid Obligations	471,296	0	0	0
Total Assigned	3,128,301	0	0	0
Unassigned	1,237,017	0	0	0
Total Fund Balance	\$4,574,592	\$3,103,257	\$9,994,937	\$3,915,364

(continued)

Fund Balance	Local Fiscal Recovery	Other Governmental	Total
Nonspendable for:			
Unclaimed Monies	\$0	\$0	\$207,616
Restricted for:			
Airport Improvements	0	993	993
American Rescue Plan	3,921,459	0	3,921,459
Board of Developmental Disabilities Operations	0	0	9,994,937
Child Support Enforcement	0	442,617	442,617
County Home	0	899,277	899,277
Court Operations	0	795,204	795,204
Crime Victim Assistance	0	11,950	11,950
Debt Retirement	0	76,614	76,614
Delinquent Tax Collections	0	89,117	89,117
Ditch Maintenance	0	984,673	984,673

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 16 - Fund Balance (continued)

Fund Balance	Local Fiscal Recovery	Other Governmental	Total
Restricted for (continued):			
Dog and Kennel Operations	\$0	\$2,189	\$2,189
Economic Development/ Rehabilitation	0	521,819	521,819
Environmental Restoration	0	210,297	210,297
Emergency Management Agency	0	43,459	43,459
Industrial Park Improvements	0	15,851	15,851
Job and Family Services Operations	0	1,812,476	1,812,476
Juvenile Corrections	0	106,752	106,752
Law Library	0	115,843	115,843
Mental Illness Training	0	4,279	4,279
Park Maintenance	0	150,124	150,124
Real Estate Assessment	0	996,652	996,652
Road and Bridge Repair/ Improvement	0	0	3,103,257
Sheriff Operations	0	713,005	714,663
Total Restricted	3,921,459	7,993,191	25,014,502
Committed to:			
Adult Detention Facility Operations	0	0	3,915,364
Sheriff Operations	0	60,325	60,325
Total Committed	0	60,325	3,975,689

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 16 - Fund Balance (continued)

Fund Balance	Local Fiscal Recovery	Other Governmental	Total
Assigned for:			
4-H Camp Improvements	\$0	\$0	\$25,510
Building Maintenance	0	0	127,649
Capital Improvements	0	1,045,000	1,045,000
Debt Service	0	6,769	6,769
Document Recording	0	0	110,593
Economic Development/ Rehabilitation	0	0	822,121
Flood Damage	0	0	8,859
Parent Education	0	0	890
Projected Budget Shortage	0	0	1,111,570
Sheriff Operations	0	0	15,007
Title Administration	0	0	434,806
Unpaid Obligations	0	0	471,296
Total Assigned	0	1,051,769	4,180,070
Unassigned (Deficit)	0	0	1,237,017
Total Fund Balance	\$3,921,459	\$9,105,285	\$34,614,894

Note 17 - Interfund Transfers

During 2021, transfers were made from the General Fund to the Adult Detention Facility special revenue fund, in the amount of \$765,000, and to other governmental funds, in the amount of \$504,006, to subsidize operations in those funds and to make debt payments as they came due. The Motor Vehicle and Adult Detention Facility special revenue funds made transfers to other governmental funds, in the amount of \$494,331 and \$1,151,135, respectively, to subsidize operations in those funds and make debt payments as they came due. Other governmental funds made transfers to other governmental funds, in the amount of \$14,076, to make debt payments when they came due.

Note 18 - 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.

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 2021, 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 2021, a tax levy provided \$745,993 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 Developmental Disabilities (DD) of Auglaize, Champaign, Darke, Logan, Mercer, Miami, Preble, Sandusky, Shelby, Union, Wyandot, and Hardin Counties. The Board of Directors is made up of the superintendents from each of these DD Boards. West CON is the administrator of supported living programs for each of these Boards of DD. 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, 1200 Childrens Home Road, Sidney, Ohio 45365.

Note 18 - Jointly Governed Organizations (continued)

D. Grand Lake Saint Marys Lake Facilities Authority

The Grand Lake Saint Marys Lake Facilities Authority is a jointly governed organization between Mercer and Auglaize Counties. The Authority was created to enhance, promote, improve, remediate, foster, aid, and rehabilitate Grand Lake St. Marys. The County Commissioners of Auglaize and Mercer Counties jointly make up the Board of Directors. The Mercer County Auditor serves as the fiscal officer and the Mercer County prosecutor serves as the legal advisor. Financial information can be obtained from the Mercer County Auditor, 101 North Main Street, Room 105, Celina, Ohio 45822-1794.

Note 19 - 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.

Note 19 - Insurance Pools (continued)

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.

Note 20 - Related Organizations

A. Mercer County District Library

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.

B. Lakefield Airport Authority

The Lakefield Airport Authority was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a seven to ten member board of trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Mercer County.

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2021, this allocation was \$30,000.

Note 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.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 21 - Contingent Liabilities (continued)

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.

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 23 - Subsequent Event

During 2021, the County Commissioners approved a resolution to close the County Home due to the age and design of the facility, the cost of required renovations, and the low residency. All residents found other facilities and the County Home ended operations in May 2021 for residents. Final closing activities and expenses will be completed in 2022.

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MERCER COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-2021-11-5964	10.561	\$75,992
	G-2223-11-6963	10.561	33,524
Total SNAP Cluster:			<u>109,516</u>
Total U.S. Department of Agriculture			<u>109,516</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
	B-X-19-1BX-1	14.228	5,639
	B-F-19-1BX-1	14.228	500
	B-D-20-1BX-1	14.228	245,212
	B-X-20-1BX-1	14.228	116,254
	B-C-20-1BX-1	14.228	177,921
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>545,526</u>
Home Investment Partnership Program	B-C-20-1BX-2	14.239	299,628
Total U.S. Department of Housing and Urban Development			<u>845,154</u>
U.S. DEPARTMENT OF JUSTICE			
<i>(Passed through Ohio Attorney General's Office)</i>			
Crime Victim Assistance			
	2022-VOCA-134719064	16.575	10,137
	2021-VOCA-133925162	16.575	12,873
Total Crime Victim Assistance			<u>23,010</u>
Total U.S. Department of Justice			<u>23,010</u>
U.S. DEPARTMENT OF LABOR			
<i>(Passed through Ohio Department of Job & Family Services)</i>			
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207	18,411
Total Employment Service Cluster			<u>18,411</u>
Trade Adjustment Assistance	N/A	17.245	3,118
WIOA Cluster:			
WIA/WIOA Adult Program	N/A	17.258	52,793
WIOA Youth Activities	N/A	17.259	54,223
WIOA Dislocated Worker Formula Grants	N/A	17.278	60,526
Total WIOA Cluster			<u>167,542</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	N/A	17.277	29,513
Total U.S. Department of Labor			<u>218,584</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	PID #102325	20.205	182,575
	PID #113516	20.205	36,207
Total Highway Planning and Construction Cluster:			<u>218,782</u>
<i>(Passed through Ohio Department of Public Safety)</i>			
Highway Safety Cluster:			
State and Community Highway Safety	69A37520300004020OH0	20.600	9,089
Total Highway Safety Cluster			<u>9,089</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	69A37520300001640OHA	20.608	25,774
<i>(Passed through Ohio Department of Commerce)</i>			
E-911 Grant Program	69N37619300000911OH0	20.615	43,383
Total U.S. Department of Transportation			<u>297,028</u>
U.S. DEPARTMENT OF TREASURY			
<i>(Direct)</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	77,130
Total U.S. Department of Treasury			<u>77,130</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>(Passed through the Ohio Environmental Protection Agency)</i>			
Nonpoint Source Implementation Grants	16(h) EPA-45	66.460	1,329
<i>(Passed through the Ohio Lake Erie Commission)</i>			
Geographic Programs - Great Lakes Restoration Initiative	GLRI 569-2020	66.469	190,568
Total U.S. Environmental Protection Agency			<u>191,897</u>
U.S. DEPARTMENT OF EDUCATION			
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Special Education - Grants for Infants and Families	H181A200024	84.181	22,407
	H181A190024	84.181	48,870
Total Special Education - Grants for Infants and Families			<u>71,277</u>
Total U.S. Department of Education			<u>71,277</u>

MERCER COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Expenditures
U.S. ELECTION ASSISTANCE COMMISSION			
<i>(Passed through Ohio Secretary of State)</i>			
HAVA Election Security Grants	Directive 2020-12	90.404	31,662
	Directive 2020-11	90.404	428
Total HAVA Election Security Grants			<u>32,090</u>
Total U.S. Election Assistance Commission			<u>32,090</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Passed through Ohio Department of Job & Family Services)</i>			
MaryLee Allen Promoting Safe and Stable Families Program	G-2021-11-5964	93.556	33,670
	G-2223-11-6963	93.556	18,874
Total MaryLee Allen Promoting Safe and Stable Families Program			<u>52,544</u>
Temporary Assistance for Needy Families	G-2021-11-5964	93.558	821,291
	G-2223-11-6963	93.558	59,223
Total Temporary Assistance for Needy Families			<u>880,514</u>
Child Support Enforcement	G-2021-11-5965	93.563	249,398
	G-2223-11-6964	93.563	95,677
Total Child Support Enforcement			<u>345,075</u>
CCDF Cluster:			
Child Care and Development Block Grant	G-2021-11-5964	93.575	22,456
Total CCDF Cluster			<u>22,456</u>
Grants to States for Access and Visitation Programs	G-2021-11-5965	93.597	13,736
	G-2223-11-6964	93.597	39,321
Total Grants to States for Access and Visitation Programs			<u>53,057</u>
Stephanie Tubbs Jones Child Welfare Services Program	G-2021-11-5964	93.645	28,346
	G-2223-11-6963	93.645	19,117
Total Stephanie Tubbs Jones Child Welfare Services Program			<u>47,463</u>
Foster Care Title IV-E	G-2021-11-5964	93.658	339,400
	G-2223-11-6963	93.658	167,092
Total Foster Care Title IV-E			<u>506,492</u>
Adoption Assistance	G-2021-11-5964	93.659	112,207
	G-2223-11-6963	93.659	46,381
Total Adoption Assistance			<u>158,588</u>
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Social Services Block Grant	2101OHSOSR	93.667	29,084
<i>(Passed through Ohio Department of Job & Family Services)</i>			
Social Services Block Grant	G-2021-11-5964	93.667	176,088
	G-2223-11-6963	93.667	72,249
Total Social Services Block Grant			<u>277,421</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	G-2021-11-5964	93.674	30,613
	G-2223-11-6963	93.674	11,042
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			<u>41,655</u>
Children's Health Insurance Program	G-2021-11-5964	93.767	53,500
	G-2223-11-6963	93.767	17,369
Total Children's Health Insurance Program			<u>70,869</u>
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Medicaid Cluster:			
Medical Assistance Program	2105OH5ADM	93.778	92,586
Medical Assistance Program	2205OH5ADM	93.778	31,072
<i>(Passed through Ohio Department of Job & Family Services)</i>			
Medical Assistance Program	G-2021-11-5964	93.778	154,260
Medical Assistance Program	G-2223-11-6963	93.778	59,490
Total Medicaid Cluster:			<u>337,408</u>
Total U.S. Department of Health and Human Services			<u>2,793,542</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Hazard Mitigation Grant	FEMA-DR-4447-OH	97.039	6,563
Emergency Management Performance Grants	EMC-2019-EP-00005	97.042	6,478
	EMC-2020-EP-00004	97.042	55,701
Total Emergency Management Performance Grants			<u>62,179</u>
Total U.S. Department of Homeland Security			<u>68,742</u>
Total Expenditures of Federal Awards			<u>\$4,727,970</u>

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

MERCER COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mercer County (the County) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs 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 and by UCC's on machinery and equipment. The current balance as of December 31, 2021 was \$368,502.

NOTE E – 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.

NOTE F – TRANSFERS BETWEEN FEDERAL PROGRAMS

During year 2021, the County made allowable transfers of \$125,969 from the Temporary Assistance for Needy Families (TANF) (AL # 93.558) to the Social Services Block Grant (SSBG) (AL # 93.667) program. The Schedule shows the County spent \$880,514 on the TANF program. The amount reported for the TANF program 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 for the TANF program for the year 2021 and the amount transferred to the SSBG program.

Temporary Assistance for Needy Families	\$1,006,483
Transfer to Social Service Block Grant	(125,969)
Total Temporary Assistance for Needy Families	<u>\$ 880,514</u>

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mercer County
220 West Livingston Street
Celina, Ohio 45822

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 24, 2022, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent period of the County.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-001.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 24, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mercer County
220 West Livingston Street
Celina, Ohio 45822

To the County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mercer County's (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Mercer County's major federal programs for the year ended December 31, 2021. Mercer County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Mercer County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The County's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Efficient • Effective • Transparent

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Mercer County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 24, 2022

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MERCER COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii (AL #14.228) Temporary Assistance to Needy Families (AL #93.558) Foster Care Title IV-E (AL #93.658)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2021-001

Noncompliance – Not Reporting in Accordance with GAAP

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

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

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

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

Official's Response:

Mercer County believes that reporting on a GAAP basis is cost prohibitive. Therefore, the County switched to an OCBOA basis of reporting, which meets managements requirements without substantial additional costs.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

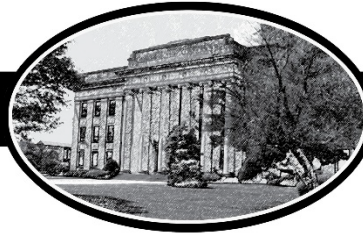
None



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 C.F.R. 200.511(b)
DECEMBER 31, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	ORC § 117.38 and OAC § 117-2-03(B) – not filing financial report on a GAAP basis – First Reported in 2003-001.	Not Corrected	Repeated as Finding Number 2021-001

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MERCER COUNTY

**CORRECTIVE ACTION PLAN
2 C.F.R. § 200.511(c)
DECEMBER 31, 2021**

Finding Number:	2021-001
Planned Corrective Action:	Mercer County believes that reporting on a GAAP basis is cost prohibitive. Therefore, the County switched to an OCBOA basis of reporting, which meets managements requirements without substantial additional costs.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Randy Grapner, County Auditor

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OHIO AUDITOR OF STATE KEITH FABER



MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/15/2022

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

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