



Dave Yost • Auditor of State



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, Ohio, as of December 31, 2014, and the respective changes in cash financial position, cash flows, and the respective budgetary comparison for the General, Motor Vehicle, Developmental Disabilities, and Adult Detention Facility funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402  
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

[www.ohioauditor.gov](http://www.ohioauditor.gov)

**Accounting Basis**

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

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the County's financial statements that collectively comprise its basic financial statements. The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-8 of the report, and accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 12, 2015

**FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED**

The discussion and analysis of Mercer County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2014, within the limitations of cash basis accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

**Using this Annual Report**

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

The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the County's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

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

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

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

**Reporting the County as a Whole**

The statement of net position and the statement of activities reflect how the County did financially during 2014, within the limitations of cash basis accounting. 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 cash disbursements with program receipts for each department of the County's governmental and business-type activities. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each department draws from the County's general receipts.

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

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

**FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

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

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

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

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

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

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

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

**Government-Wide Financial Analysis**

Table 1 provides a summary of the County's net position for 2014 and 2013.

**Table 1  
Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Assets:</b>						
Current and Other Assets	\$12,409,872	\$12,508,633	\$4,422,348	\$3,824,778	\$16,832,220	\$16,333,411
<b>Net Position:</b>						
Restricted	10,259,091	13,006,668			10,259,091	13,006,668
Unrestricted (Deficit)	2,150,781	(498,035)	4,422,348	3,824,778	6,573,129	3,326,743
Total Net Position	<u>\$12,409,872</u>	<u>\$12,508,633</u>	<u>\$4,422,348</u>	<u>\$3,824,778</u>	<u>\$16,832,220</u>	<u>\$16,333,411</u>

There was very little change in total net position for governmental activities; however, the distribution of net position between restricted and unrestricted net position changed substantially primarily due to the retirement of manuscript debt from restricted resources.

For business-type activities, there was a 16 percent increase in net position. In 2014, the County received loan proceeds from OWDA and Midwest Electric, Inc.



**FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

Table 2 reflects the change in net position for 2014 and 2013.

**Table 2  
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services	\$5,250,204	\$4,650,382	\$2,576,967	\$2,406,312	\$7,827,171	\$7,056,694
Operating Grants, Contributions and Interest	18,306,185	16,416,951	125,282	361,441	18,431,467	16,778,392
Total Program Receipts	23,556,389	21,067,333	2,702,249	2,767,753	26,258,638	23,835,086
<b>General Receipts:</b>						
<b>Property Taxes:</b>						
General Operating	1,969,535	1,981,822			1,969,535	1,981,822
Human Services - Developmental Disabilities County Home	3,904,728	3,924,941	645,379	648,943	3,904,728	3,924,941
<b>Sales Taxes:</b>						
General Operating	4,684,268	4,636,441			4,684,268	4,636,441
Adult Detention Facility	2,340,800	2,317,769			2,340,800	2,317,769
Grants and Entitlements	1,234,804	1,211,950			1,234,804	1,211,950
Interest	199,846	149,037			199,846	149,037
Other	2,792,053	2,720,983	70,205	51,046	2,862,258	2,772,029
Loans Issued	90,704	143,874	402,960	140,514	493,664	284,388
Total General Receipts	17,216,738	17,086,817	1,118,544	840,503	18,335,282	17,927,320
Total Receipts	40,773,127	38,154,150	3,820,793	3,608,256	44,593,920	41,762,406
<b>Program Disbursements:</b>						
<b>General Governmental:</b>						
Legislative and Executive	5,351,432	5,139,620			5,351,432	5,139,620
Judicial	2,197,199	1,764,056			2,197,199	1,764,056
Public Safety	4,975,243	4,697,418			4,975,243	4,697,418
Public Works	10,618,746	8,747,566			10,618,746	8,747,566
Health	313,363	307,105			313,363	307,105
Human Services	12,078,585	11,502,064			12,078,585	11,502,064
Conservation & Recreation	931,995	231,058			931,995	231,058
Economic Development and Assistance	1,551,955	548,502			1,551,955	548,502
Capital Outlay	1,119,118	1,536,269			1,119,118	1,536,269
<b>Debt Service:</b>						
Principal Retirement	1,199,574	1,169,574			1,199,574	1,169,574
Interest and Fiscal Charges	501,686	499,333			501,686	499,333
County Home			681,035	737,331	681,035	737,331
Sanitary Sewer			1,581,114	1,899,970	1,581,114	1,899,970
<b>Other Enterprise:</b>						
Water			30,878	272,451	30,878	272,451
Solid Waste			84,856	123,544	84,856	123,544
Ambulance			878,332	957,453	878,332	957,453
Total Disbursements	40,838,896	36,142,565	3,256,215	3,990,749	44,095,111	40,133,314

(Continued)

**FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Increase (Decrease) in Net Position Before Advances And Transfers	(65,769)	2,011,585	564,578	(382,493)	498,809	1,629,092
Advances	(33,524)	18,267	33,524	(18,267)		
Transfers	532		(532)			
Changes in Net Position	(98,761)	2,029,852	597,570	(400,760)	498,809	1,629,092
Net Position Beginning of Year	12,508,633	10,478,781	3,824,778	4,225,538	16,333,411	14,704,319
Net Position at End of Year	<u>\$12,409,872</u>	<u>\$12,508,633</u>	<u>\$4,422,348</u>	<u>\$3,824,778</u>	<u>\$16,832,220</u>	<u>\$16,333,411</u>

For governmental activities, program receipts increased over 11 percent from the prior year. This increase is primarily due to an increase in operating grants related to resources received for the Engineer facility improvements as well as receipts provided through the revolving loan program. There was not a significant change in general receipts from the prior year.

There was a 13 percent increase in disbursements for governmental activities, with the increase in the public works program (which includes costs for the Engineer facility improvements) being the most significant change. The programs which continue to account for the largest costs are legislative and executive (which are general government operations), public safety (sheriff), public works (engineer), and human services (primarily job and family services and development disabilities). These programs accounted for 81 percent of governmental disbursements in 2014.

The increase in receipts for business-type activities is largely due to loan proceeds received in 2014.

The decreases in the sanitary sewer and water disbursements are related to a decrease in contracted repairs and costs for the Wastewater 4<sup>th</sup> Lagoon project and the decrease in capital related expenditures for the State Route 29 Waterline project in the prior year, respectively.

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

**FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
<b>General Government:</b>				
Legislative and Executive	\$5,351,432	\$5,139,620	\$3,316,903	\$1,291,969
Judicial	2,197,199	1,764,056	1,039,648	867,091
Public Safety	4,975,243	4,697,418	4,102,139	3,742,180
Public Works	10,618,746	8,747,566	(991,355)	6,349
Health	313,363	307,105	236,951	233,091
Human Services	12,078,585	11,502,064	5,668,917	5,216,094
Conservation and Recreation	931,995	231,058	383,574	227,280
Economic Development and Assistance	1,551,955	548,502	705,352	286,002
Capital Outlay	1,119,118	1,536,269	1,119,118	1,536,269
<b>Debt Service:</b>				
Principal Retirement	1,199,574	1,169,574	1,199,574	1,169,574
Interest and Fiscal Charges	501,686	499,333	501,686	499,333
<b>Total Disbursements</b>	<b>\$40,838,896</b>	<b>\$36,142,565</b>	<b>\$17,282,507</b>	<b>\$15,075,232</b>

For 2014, 42 percent of the services provided by the County were paid for through general receipts, which is the same percentage as 2013. A review of the above table demonstrates that program receipts contributed significantly to several programs. Charges for services for the public works program consist of work performed by the County Engineer for townships and villages within the County. The public works program also receives a significant amount of operating grants and contributions from state levied shared gas taxes and motor vehicle licenses. The human services program receives substantial support through various grant programs.

**Governmental Funds Financial Analysis**

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

For 2014, fund balance in the General Fund increased over \$2.4 million due to advances made to other funds in prior years paid back during 2014, including the retirement of manuscript debt.

Fund balance decreased almost \$2.5 million in the Motor Vehicle Fund due to the retirement of manuscript debt and disbursements for the construction of a new facility.

The decrease in fund balance for the Developmental Disabilities Fund is largely due to a reduction in grant funding and a modest increase in disbursements.

Fund balance increased 45 percent in the Adult Detention Facility Fund despite a modest increase in disbursements. Receipts remained similar to the prior year.

**Business-Type Activities Financial Analysis**

Receipts remained similar to the prior year and an 8 percent decrease in disbursements allowed for a 10 percent increase in net position for the County Home Fund.

Net position in the Sanitary Sewer Fund increased almost 23 percent. This is a result of loan proceeds and decreased expenses (contractual services) for contracted repairs and construction projects.

**FINANCIAL CONDITION  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

**Budgetary Highlights**

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

The County's most significant budgeted fund is the General Fund. Changes from the original budget to the final budget were not significant for receipts. Actual receipts were \$685,000 more than amounts anticipated due to conservative projections. For disbursements, there was a \$881,000 decrease from the original budget to the final budget, primarily related to the public works program. Changes from the final budget to actual disbursements were not significant.

**Current Issues**

The study and preliminary engineering is complete to construct a sanitary sewer collection system in unsewered areas in Marion Township and to transport the wastewater to a combination of existing wastewater treatment plants in the area. This project, the southwest portion of the Grand Lake Watershed Project and commonly referred to as Marion Township Phase II, will be constructed in four segments. The Saint Sebastian area is the first segment with an estimated project cost of \$1 million. The County will be applying for financing for this project in 2015. After financing is obtained for this segment, the County will start on the Saint Rose area.

The County has submitted a grant application for community development block grant funds, in the amount of \$440,000, to finance the replacement of water lines in East Jefferson Township. The total project is estimated to cost in excess of \$1.2 million. The County will seek a thirty-year Ohio Water Development Loan for the balance. If the County is successful in obtaining the grant, the project could be competitive bid by the end of this calendar year.

**Request for Information**

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

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2014**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$12,254,189	\$4,422,348	\$16,676,537
Cash and Cash Equivalents in Segregated Accounts	11,286	0	11,286
Cash and Cash Equivalents with Fiscal Agent	144,397	0	144,397
Total Assets	<u>12,409,872</u>	<u>4,422,348</u>	<u>16,832,220</u>
<b>Net Position:</b>			
<b>Restricted for:</b>			
Debt Service	48,181	0	48,181
Capital Projects	657,878	0	657,878
Other Purposes	9,553,032	0	9,553,032
Unrestricted	<u>2,150,781</u>	<u>4,422,348</u>	<u>6,573,129</u>
Total Net Position	<u>\$12,409,872</u>	<u>\$4,422,348</u>	<u>\$16,832,220</u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Receipts</u>		
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
<b>Governmental Activities:</b>			
<b>General Government:</b>			
Legislative and Executive	\$5,351,432	\$1,689,473	\$345,056
Judicial	2,197,199	821,736	335,815
Public Safety	4,975,243	341,140	531,964
Public Works	10,618,746	1,696,274	9,913,827
Health	313,363	76,412	0
Human Services	12,078,585	625,169	5,784,499
Conservation and Recreation	931,995	0	548,421
Economic Development and Assistance	1,551,955	0	846,603
Capital Outlay	1,119,118	0	0
<b>Debt Service:</b>			
Principal Retirement	1,199,574	0	0
Interest and Fiscal Charges	501,686	0	0
Total Governmental Activities	<u>40,838,896</u>	<u>5,250,204</u>	<u>18,306,185</u>
<b>Business-Type Activities:</b>			
County Home	681,035	38,512	91,511
Sanitary Sewer	1,581,114	1,492,450	0
<b>Other Enterprise:</b>			
Water	30,878	41,407	12,171
Solid Waste	84,856	115,104	0
Ambulance	878,332	889,494	21,600
Total Business-Type Activities	<u>3,256,215</u>	<u>2,576,967</u>	<u>125,282</u>
Total	<u>\$44,095,111</u>	<u>\$7,827,171</u>	<u>\$18,431,467</u>

**General Receipts:**

**Property Taxes Levied for:**

General Operating  
Human Services - Developmental Disabilities  
County Home

**Sales Taxes:**

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

Advances  
Transfers  
Total General Receipts, Advances, and Transfers

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**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$3,316,903)	\$0	(\$3,316,903)
(1,039,648)	0	(1,039,648)
(4,102,139)	0	(4,102,139)
991,355	0	991,355
(236,951)	0	(236,951)
(5,668,917)	0	(5,668,917)
(383,574)	0	(383,574)
(705,352)	0	(705,352)
(1,119,118)	0	(1,119,118)
(1,199,574)	0	(1,199,574)
(501,686)	0	(501,686)
<u>(17,282,507)</u>	<u>0</u>	<u>(17,282,507)</u>
0	(551,012)	(551,012)
0	(88,664)	(88,664)
0	22,700	22,700
0	30,248	30,248
0	32,762	32,762
<u>0</u>	<u>(553,966)</u>	<u>(553,966)</u>
<u>(17,282,507)</u>	<u>(553,966)</u>	<u>(17,836,473)</u>
1,969,535	0	1,969,535
3,904,728	0	3,904,728
0	645,379	645,379
4,684,268	0	4,684,268
2,340,800	0	2,340,800
1,234,804	0	1,234,804
199,846	0	199,846
2,792,053	70,205	2,862,258
90,704	0	90,704
0	42,960	42,960
0	360,000	360,000
<u>17,216,738</u>	<u>1,118,544</u>	<u>18,335,282</u>
(33,524)	33,524	0
532	(532)	0
<u>17,183,746</u>	<u>1,151,536</u>	<u>18,335,282</u>
(98,761)	597,570	498,809
<u>12,508,633</u>	<u>3,824,778</u>	<u>16,333,411</u>
<u>\$12,409,872</u>	<u>\$4,422,348</u>	<u>\$16,832,220</u>

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<u>General</u>	<u>Motor Vehicle</u>	<u>Developmental Disabilities</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,843,357	\$1,027,668	\$2,213,280
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	144,397
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	138,863	0	0
Total Assets	<u>\$1,982,220</u>	<u>\$1,027,668</u>	<u>\$2,357,677</u>
<b>Fund Balances:</b>			
Non-spendable	\$138,863	\$0	\$0
Restricted	154	1,027,668	2,357,677
Committed	0	0	0
Assigned	1,843,203	0	0
Unassigned	0	0	0
Total Fund Balances	<u>\$1,982,220</u>	<u>\$1,027,668</u>	<u>\$2,357,677</u>

*See Accompanying Notes to the Basic Financial Statements.*



<b>Adult Detention Facility</b>	<b>Other Governmental</b>	<b>Total</b>
\$2,011,185	\$5,019,836	\$12,115,326
0	11,286	11,286
0	0	144,397
0	0	138,863
<u>\$2,011,185</u>	<u>\$5,031,122</u>	<u>\$12,409,872</u>
\$0	\$0	\$138,863
2,011,185	4,723,698	10,120,382
0	117,083	117,083
0	190,341	2,033,544
0	0	0
<u>\$2,011,185</u>	<u>\$5,031,122</u>	<u>\$12,409,872</u>

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Motor Vehicle</u>	<u>Developmental Disabilities</u>
<b>Receipts:</b>			
Property Taxes	\$1,969,535	\$0	\$3,904,728
Sales Taxes	4,684,268	0	0
Special Assessments	0	0	0
Charges for Services	1,841,927	819,150	117,428
Licenses and Permits	2,983	0	0
Fines and Forfeitures	32,307	25,155	0
Intergovernmental	1,399,003	8,967,168	2,082,448
Interest	199,519	24,282	0
Donations	0	0	2,921
Other	793,679	304,089	87,658
Total Receipts	<u>10,923,221</u>	<u>10,139,844</u>	<u>6,195,183</u>
<b>Disbursements:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Legislative and Executive	4,610,873	0	0
Judicial	1,716,029	0	0
Public Safety	2,294,376	0	0
Public Works	9,050	9,465,457	0
Health	242,897	0	0
Human Services	380,429	0	6,585,809
Conservation and Recreation	218,581	0	0
Economic Development and Assistance	223,300	0	0
Other	0	0	0
Capital Outlay	0	0	0
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Disbursements	<u>9,695,535</u>	<u>9,465,457</u>	<u>6,585,809</u>
Excess of Receipts Over (Under) Disbursements	<u>1,227,686</u>	<u>674,387</u>	<u>(390,626)</u>
<b>Other Financing Sources (Uses):</b>			
OPWC Loans Issued	0	90,704	0
Advances In	7,192,715	500	0
Advances Out	(4,749,125)	(101,600)	0
Transfers In	0	0	0
Transfers Out	(1,227,647)	(3,122,489)	0
Total Other Financing Sources (Uses)	<u>1,215,943</u>	<u>(3,132,885)</u>	<u>0</u>
Changes in Fund Balances	2,443,629	(2,458,498)	(390,626)
Fund Balances (Deficit) at Beginning of Year	<u>(461,409)</u>	<u>3,486,166</u>	<u>2,748,303</u>
Fund Balances at End of Year	<u>\$1,982,220</u>	<u>\$1,027,668</u>	<u>\$2,357,677</u>

See Accompanying Notes to the Basic Financial Statements.

<u>Adult Detention Facility</u>	<u>Other Governmental</u>	<u>Total</u>
\$0	\$0	\$5,874,263
2,340,800	0	7,025,068
0	694,281	694,281
0	1,489,985	4,268,490
0	161,579	164,562
0	65,409	122,871
13,211	6,952,470	19,414,300
0	96,905	320,706
0	2,908	5,829
11,423	1,595,204	2,792,053
<u>2,365,434</u>	<u>11,058,741</u>	<u>40,682,423</u>
0	734,016	5,344,889
0	481,170	2,197,199
1,712,003	968,864	4,975,243
0	1,144,239	10,618,746
0	70,466	313,363
0	5,112,347	12,078,585
0	713,414	931,995
0	1,328,655	1,551,955
0	6,543	6,543
0	1,119,118	1,119,118
0	1,199,574	1,199,574
0	501,686	501,686
<u>1,712,003</u>	<u>13,380,092</u>	<u>40,838,896</u>
<u>653,431</u>	<u>(2,321,351)</u>	<u>(156,473)</u>
0	0	90,704
0	4,706,207	11,899,422
0	(7,082,221)	(11,932,946)
824,150	4,545,489	5,369,639
<u>(854,453)</u>	<u>(164,518)</u>	<u>(5,369,107)</u>
<u>(30,303)</u>	<u>2,004,957</u>	<u>57,712</u>
623,128	(316,394)	(98,761)
<u>1,388,057</u>	<u>5,347,516</u>	<u>12,508,633</u>
<u>\$2,011,185</u>	<u>\$5,031,122</u>	<u>\$12,409,872</u>

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$1,918,700	\$1,918,700	\$1,958,518	\$39,818
Sales Taxes	4,500,000	4,500,000	4,684,268	184,268
Charges for Services	1,758,568	1,747,568	1,818,378	70,810
Licenses and Permits	2,500	2,500	2,983	483
Fines and Forfeitures	27,400	27,400	32,600	5,200
Intergovernmental	1,319,834	1,319,834	1,399,003	79,169
Interest	185,743	185,743	199,515	13,772
Other	499,800	501,784	793,679	291,895
Total Receipts	<u>10,212,545</u>	<u>10,203,529</u>	<u>10,888,944</u>	<u>685,415</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	5,172,343	5,015,125	4,896,678	118,447
Judicial	1,755,116	1,910,549	1,780,969	129,580
Public Safety	3,110,117	2,389,050	2,345,551	43,499
Public Works	153,925	9,067	9,050	17
Health	242,635	242,984	242,897	87
Human Services	445,160	435,821	394,085	41,736
Conservation and Recreation	214,000	219,527	218,581	946
Economic Development and Assistance	337,839	327,839	223,456	104,383
Total Disbursements	<u>11,431,135</u>	<u>10,549,962</u>	<u>10,111,267</u>	<u>438,695</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,218,590)</u>	<u>(346,433)</u>	<u>777,677</u>	<u>1,124,110</u>
<b>Other Financing Sources (Uses):</b>				
Notes Issued	40,000	40,000	0	(40,000)
Advances In	120,560	120,560	7,192,715	7,072,155
Advances Out	0	(676,375)	(4,749,125)	(4,072,750)
Transfers Out	(102,000)	(1,193,556)	(1,227,647)	(34,091)
Total Other Financing Sources (Uses)	<u>58,560</u>	<u>(1,709,371)</u>	<u>1,215,943</u>	<u>2,925,314</u>
Changes in Fund Balance	(1,160,030)	(2,055,804)	1,993,620	4,049,424
Fund Balance (Deficit) at Beginning of Year	(769,913)	(769,913)	(769,913)	0
Prior Year Encumbrances Appropriated	<u>188,224</u>	<u>188,224</u>	<u>188,224</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>(\$1,741,719)</u>	<u>(\$2,637,493)</u>	<u>\$1,411,931</u>	<u>\$4,049,424</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION  
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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Charges for Services	\$836,350	\$836,350	\$819,150	(\$17,200)
Fines and Forfeitures	24,753	24,753	25,364	611
Intergovernmental	10,800,341	10,800,341	8,967,168	(1,833,173)
Interest	6,000	6,000	24,282	18,282
Other	235,050	235,050	304,089	69,039
Total Receipts	<u>11,902,494</u>	<u>11,902,494</u>	<u>10,140,053</u>	<u>(1,762,441)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Public Works	11,969,670	12,184,041	11,666,172	517,869
<b>Excess of Receipts:</b>				
Under Disbursements	<u>(67,176)</u>	<u>(281,547)</u>	<u>(1,526,119)</u>	<u>(1,244,572)</u>
<b>Other Financing Sources (Uses):</b>				
OPWC Loans Issued	105,461	105,461	90,704	(14,757)
Advances In	0	0	500	500
Advances Out	0	(101,600)	(101,600)	0
Transfers Out	(3,125,029)	(3,135,944)	(3,122,489)	13,455
Total Other Financing Sources (Uses)	<u>(3,019,568)</u>	<u>(3,132,083)</u>	<u>(3,132,885)</u>	<u>(802)</u>
Changes in Fund Balance	(3,086,744)	(3,413,630)	(4,659,004)	(1,245,374)
Fund Balance at (Deficit) Beginning of Year	(483,264)	(483,264)	(483,264)	0
Prior Year Encumbrances Appropriated	<u>3,961,845</u>	<u>3,961,845</u>	<u>3,961,845</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$391,837</u></u>	<u><u>\$64,951</u></u>	<u><u>(\$1,180,423)</u></u>	<u><u>(\$1,245,374)</u></u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION  
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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$3,786,500	\$3,786,500	\$3,882,666	\$96,166
Charges for Services	80,000	80,000	117,428	37,428
Intergovernmental	2,080,000	2,080,000	2,082,409	2,409
Donations	3,000	3,000	2,921	(79)
Other	100,000	100,000	87,439	(12,561)
Total Receipts	<u>6,049,500</u>	<u>6,049,500</u>	<u>6,172,863</u>	<u>123,363</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Human Services	<u>6,815,361</u>	<u>7,159,458</u>	<u>6,576,451</u>	<u>583,007</u>
Changes in Fund Balance	(765,861)	(1,109,958)	(403,588)	706,370
Fund Balance at Beginning of Year	2,319,437	2,319,437	2,319,437	0
Prior Year Encumbrances Appropriated	<u>67,361</u>	<u>67,361</u>	<u>67,361</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,620,937</u></u>	<u><u>\$1,276,840</u></u>	<u><u>\$1,983,210</u></u>	<u><u>\$706,370</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Sales Taxes	\$900,000	\$900,000	\$2,340,800	\$1,440,800
Intergovernmental	7,000	7,000	13,211	6,211
Other	0	0	11,423	11,423
Total Receipts	<u>907,000</u>	<u>907,000</u>	<u>2,365,434</u>	<u>1,458,434</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Public Safety	1,719,814	1,812,795	1,793,009	19,786
Excess of Receipts Over (Under) Disbursements	<u>(812,814)</u>	<u>(905,795)</u>	<u>572,425</u>	<u>1,478,220</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	765,000	765,000	824,150	59,150
Transfers Out	0	(854,453)	(854,453)	0
Total Other Financing Sources (Uses)	<u>765,000</u>	<u>(89,453)</u>	<u>(30,303)</u>	<u>59,150</u>
Changes in Fund Balance	(47,814)	(995,248)	542,122	1,537,370
Fund Balance at Beginning of Year	1,330,732	1,330,732	1,330,732	0
Prior Year Encumbrances Appropriated	57,325	57,325	57,325	0
Fund Balance at End of Year	<u>\$1,340,243</u>	<u>\$392,809</u>	<u>\$1,930,179</u>	<u>\$1,537,370</u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF FUND NET POSITION - CASH BASIS  
ENTERPRISE FUNDS  
DECEMBER 31, 2014**

	<u>County Home</u>	<u>Sanitary Sewer</u>	<u>Other Enterprise</u>	<u>Total</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,151,203</u>	<u>\$2,076,500</u>	<u>\$1,194,645</u>	<u>\$4,422,348</u>
<b>Net Position:</b>				
Unrestricted	<u>\$1,151,203</u>	<u>\$2,076,500</u>	<u>\$1,194,645</u>	<u>\$4,422,348</u>

*See Accompanying Notes to the Basic Financial Statements.*



**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - CASH BASIS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>County Home</u>	<u>Sanitary Sewer</u>	<u>Other Enterprise</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Charges for Services	\$38,512	\$1,492,450	\$1,046,005	\$2,576,967
Donations	81	0	100	181
Other	7,522	20,585	42,098	70,205
Total Operating Revenues	<u>46,115</u>	<u>1,513,035</u>	<u>1,088,203</u>	<u>2,647,353</u>
<b>Operating Expenses:</b>				
Personal Services	510,317	350,366	174,772	1,035,455
Contractual Services	94,273	618,468	627,370	1,340,111
Materials and Supplies	76,445	125,180	191,924	393,549
<b>Debt Service:</b>				
Principal Retirement	0	433,494	0	433,494
Total Operating Expenses	<u>681,035</u>	<u>1,527,508</u>	<u>994,066</u>	<u>3,202,609</u>
Operating Income (Loss)	<u>(634,920)</u>	<u>(14,473)</u>	<u>94,137</u>	<u>(555,256)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Property Taxes	645,379	0	0	645,379
Grants	91,430	0	33,671	125,101
OWDA Loans Issued	0	42,960	0	42,960
Electric Loan Issued	0	360,000	0	360,000
Interest Expense	0	(53,606)	0	(53,606)
Total Non-Operating Revenues (Expenses)	<u>736,809</u>	<u>349,354</u>	<u>33,671</u>	<u>1,119,834</u>
Income (Loss) Before Advances and Transfers	101,889	334,881	127,808	564,578
Advances In	0	69,089	3,092	72,181
Advances Out	0	(16,264)	(22,393)	(38,657)
Transfers Out	0	0	(532)	(532)
Changes in Net Position	101,889	387,706	107,975	597,570
Net Position at Beginning of Year	<u>1,049,314</u>	<u>1,688,794</u>	<u>1,086,670</u>	<u>3,824,778</u>
Net Position at End of Year	<u>\$1,151,203</u>	<u>\$2,076,500</u>	<u>\$1,194,645</u>	<u>\$4,422,348</u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF CASH FLOWS - CASH BASIS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>County Home</b>	<b>Sanitary Sewer</b>	<b>Other Enterprise</b>	<b>Total</b>
Increases (Decreases) in Cash and Cash Equivalents				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$38,512	\$1,492,450	\$1,046,005	\$2,576,967
Cash Payments for Personal Services	(510,317)	(350,366)	(174,772)	(1,035,455)
Cash Payments for Contractual Services	(94,273)	(618,468)	(627,370)	(1,340,111)
Cash Payments for Supplies	(76,445)	(125,180)	(191,924)	(393,549)
Cash Received from Other Revenues	7,603	20,585	42,198	70,386
Net Cash Provided by (Used for) Operating Activities	<u>(634,920)</u>	<u>419,021</u>	<u>94,137</u>	<u>(121,762)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Cash Received from Property Taxes	645,379	0	0	645,379
Cash Received from Grants	91,430	0	33,671	125,101
Cash Received from Advances In	0	69,089	3,092	72,181
Cash Payments for Advances Out	0	(16,264)	(22,393)	(38,657)
Cash Payments for Transfers Out	0	0	(532)	(532)
Net Cash Provided by Non-capital: Financing Activities	<u>736,809</u>	<u>52,825</u>	<u>13,838</u>	<u>803,472</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal Paid on Special Assessment Bonds	0	(11,400)	0	(11,400)
Interest Paid on Special Assessment Bonds	0	(570)	0	(570)
Principal Paid on OPWC Loans	0	(16,390)	0	(16,390)
OWDA Loans Issued	0	42,960	0	42,960
Principal Paid on OWDA Loans	0	(324,335)	0	(324,335)
Interest Paid on OWDA Loans	0	(51,080)	0	(51,080)
Principal Paid on Rural Industrial Park Loan	0	(21,369)	0	(21,369)
Interest Paid on Rural Industrial Park Loan	0	(1,956)	0	(1,956)
Electric Loan Issued	0	360,000	0	360,000
Principal Paid on Midwest Electric Loan	0	(60,000)	0	(60,000)
Net Cash Used for Capital and Related Financing Activities	<u>0</u>	<u>(84,140)</u>	<u>0</u>	<u>(84,140)</u>
Net Increase in Cash and Cash Equivalents	101,889	387,706	107,975	597,570
Cash and Cash Equivalents at Beginning of Year	<u>1,049,314</u>	<u>1,688,794</u>	<u>1,086,670</u>	<u>3,824,778</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,151,203</u></u>	<u><u>\$2,076,500</u></u>	<u><u>\$1,194,645</u></u>	<u><u>\$4,422,348</u></u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION  
MERCER COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2014**

**Assets:**

Equity in Pooled Cash and Cash Equivalents	\$7,018,541
Cash and Cash Equivalents in Segregated Accounts	<u>644,776</u>
Total Assets	<u><u>\$7,663,317</u></u>

**Net Position:**

Undistributed Assets	<u><u>\$7,663,317</u></u>
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*See Accompanying Notes to the Basic Financial Statements.*

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**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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 2014.

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

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

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

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**1. REPORTING ENTITY (Continued)**

Mercer County Regional Planning Commission  
Tri-County Mental Health Board  
West Central Ohio Network  
West Central Partnership, Inc.  
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

**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.

**1. 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.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

**2. Proprietary Funds**

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

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County's major enterprise funds are the County Home Fund and the Sanitary Sewer Fund.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

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

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

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

**3. Fiduciary Funds**

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County did not have any trust funds in 2014. The County's agency funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

**C. Basis of Accounting**

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

**D. Budgetary Process**

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

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



**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

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 Agents".

During 2014, the County invested in negotiable and nonnegotiable certificates of deposit, federal agency securities, mutual funds, and municipal securities. Investments are reported at cost.

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 2014 were \$199,519 which includes \$172,411 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.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

**H. Compensated Absences**

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

**I. Long-Term Obligations**

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**J. Net 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:

**Non-spendable** - The non-spendable 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.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

**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.

**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.

**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 the county home, sanitary sewer services, water treatment, solid waste management, and ambulance services. Operating disbursements are the necessary costs incurred to provide the service that is the primary activity of the fund. All receipts and disbursements not meeting these definitions are reported as non-operating.

**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.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

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 non-operating receipts/disbursements in enterprise funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**3. COMPLIANCE**

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**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, and Adult Detention Facility special revenues funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances 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, and Adult Detention Facility Fund were \$413,179, \$2,200,448, \$26,218, and \$81,006, respectively.

**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;

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,796,482 of the County's bank balance of \$21,398,787 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

**B. Investments**

As of December 31, 2014, the County had the following investments:

	<u>Total</u>	<u>Up to Six Months</u>	<u>More Than Two years</u>
Negotiable Certificates of Deposit	\$1,482,000		\$1,482,000
Federal Home Loan Mortgage Corp. Notes	749,771		749,771
Mutual Fund	100	\$100	
Municipal Securities	1,396,900	1,200,000	196,900
Total Investments	<u>\$3,628,771</u>	<u>\$1,200,100</u>	<u>\$2,428,671</u>

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.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

The negotiable certificates of deposit are covered by FDIC insurance. The Federal Home Loan Mortgage Corporation Notes and mutual fund carry a rating of Aaa by Moodys. The municipal securities are not rated. The County has no policy dealing with 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.

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.

	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
Negotiable Certificates of Deposit	\$1,482,000	40.84%
Federal Home Loan Corporation Notes	749,771	20.66
Municipal Securities	1,396,900	38.50

**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 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of 2013 taxes. Public utility real and tangible personal property taxes received in 2014 became a lien on December 31, 2012, were levied after October 1, 2013, 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 agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2014, was \$11.86 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 property tax receipts were based are as follows:

<b>Real Property:</b>	
Residential/Agriculture	\$782,782,650
Commercial/Industrial/Mineral	90,876,180
<b>Public Utility Property:</b>	
Real	104,160
Personal	22,830,000
Total Assessed Value	\$896,592,990

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**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.

**8. INTERFUND ACTIVITY**

During 2014, the County made a number of cash advances to various funds. As of December 31, 2014, \$2,360,392 of the advances had not been repaid of which \$2,243,925 was related to manuscript debt. 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 \$2,036,830 and \$219,175, respectively. Advances expected to be repaid within one year to the Motor Vehicle special revenue fund from other governmental funds are \$1,100. Advances expected to be repaid within one year to other enterprise funds from other governmental funds are \$2,395. The result of outstanding debt caused the fund balance in the General Fund in the accompanying financials to be \$1,982,220 at December 31, 2014 while the actual cash balance at this time on the County's books was \$2,855,915.

**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 2014, 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	2,000,000
Building and Contents	74,643,000
Earthquake	100,000,000
Flood	50,000,000
Comprehensive Boiler and Machinery	100,000,000

There has been no significant reduction in insurance coverage from 2013 and settled claims have not exceeded this coverage in the past three years.

For 2014, 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.



**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

**B. Workers Compensation**

For 2014, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

**C. Medical and Life Insurance**

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

**10. SIGNIFICANT CONTRACTUAL COMMITMENTS**

The County had the following contractual commitments outstanding as of December 31, 2014:

<b>Contractor</b>	<b>Purpose</b>	<b>Commitment</b>
Braun Excavating	Knapke Menchhofer Ditch Improvement	\$89,613
Buschur Electric, Inc.	Engineer Facility - Electrical	47,034
Consolidated Hunter Heating	Engineer Facility - Plumbing	21,005
Cy Schwieterman, Inc.	Knapke Wenning Ditch Improvement	126,548
Muhlenkamp Building Corp.	Engineer Facility - Salt Bin and Wash Bay	37,579
Saintignon Excavating	Marion Industrial Park	104,518
Shelly Materials	Burk-Saint Henry/Frahm Pike Road Improvement	1,600,000
Shelly Materials	Burk-Saint Henry/Frahm Pike Road Improvement-OPWC	400,000
Braun Excavating	Muhlenkamp Hays Tile Improvement	112,240
VTF Excavation, LLC	Prairie Creek Phase Two	91,823

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**10. SIGNIFICANT CONTRACTUAL COMMITMENTS (Continued)**

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2015 are as follows:

General Fund	\$413,179
Motor Vehicle	2,200,448
Other Governmental Funds	1,371,855

**11. DEFINED BENEFIT PENSION PLANS**

**Plan Description** - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

**Funding Policy** - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local classifications. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percent are not to exceed 2 percent. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12 percent and 13 percent, respectively. While members in the state and local classifications may participate in all three plans, public safety and law enforcement classifications exist only within the traditional plan. For 2014, member and employer contribution rates were consistent across all three plans.

The County's 2014 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the County's contribution was 18.1 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the County's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remains at 2 percent. Employer contribution rates are actuarially determined.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 was \$1,669,098, \$1,711,317 and \$1,243,994, respectively. For 2014, 95 percent has been contributed. The full amount has been contributed for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$30,364 made by the County and \$21,689 made by the plan members.

**12. POST-EMPLOYMENT BENEFITS**

**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.

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

**Funding Policy** - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remains at 2 percent for both plans as recommended by the OPERS actuary.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**12. POST-EMPLOYMENT BENEFITS (Continued)**

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2014, 2013, and 2012 was \$273,064, \$129,428, and \$484,400, respectively. For 2014, 95 percent has been contributed. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**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 are paid for 50 percent of accumulated unused sick leave upon retirement at the rate of pay in effect at the time of retirement.

**14. LONG-TERM OBLIGATIONS**

The County's long-term debt activity for the year ended December 31, 2014, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2014</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>						
<b>General Obligation Bonds:</b>						
Adult Detention Facility (Original Amount \$10,500,000)	3.25-5%	\$7,005,000	\$0	\$665,000	\$6,340,000	\$685,000
2010 Various Purpose - Road Improvements (Original Amount \$665,000)	2-3.75	415,000	0	65,000	350,000	65,000
2010 Various Purpose – Correctional Facility (Original Amount \$2,535,000)	2-4	1,835,000	0	180,000	1,655,000	185,000
2010 Various Purpose - Ditch Improvement (Original Amount \$390,000)	2-4	300,000	0	25,000	275,000	25,000
2011 Central Services Refunding (Original Amount \$2,460,000)	1-3.5	2,095,000	0	185,000	1,910,000	190,000
<b>Total General Obligation Bonds</b>		<u>11,650,000</u>	<u>0</u>	<u>1,120,000</u>	<u>10,530,000</u>	<u>1,150,000</u>

(Continued)

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

	<u>Interest Rate</u>	<u>Balance 12/31/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2014</u>	<u>Due Within One Year</u>
<b>Governmental Activities (Cont'd.)</b>						
<b>OPWC Loans:</b>						
1995 Karch/Tama (Original Amount \$174,070)	0	8,704	0	8,704	0	0
1997 Siegrist-Jutte and Kahn Rd. Bridge (Original Amount \$256,554)	0	32,068	0	12,828	19,240	12,828
2001 Four Bridge Replacement (Original Amount \$76,979)	0	26,942	0	3,849	23,093	3,849
2002 Home Waterline Improvement (Original Amount \$80,000)	0	40,000	0	4,000	36,000	4,000
2002 Five Bridge Replacement (Original Amount \$60,000)	0	30,000	0	3,000	27,000	3,000
2005 Six Bridge Repair (Original Amount \$60,225)	0	34,630	0	3,011	31,619	3,011
2007 Bridge Replacement (Original Amount \$137,801)	0	99,906	0	6,890	93,016	6,890
2009 Carthagen Road (Original Amount \$300,000)	0	240,000	0	15,000	225,000	15,000
2009 Bridge Replacement (Original Amount \$157,500)	0	122,062	0	7,875	114,187	7,875
2010 Bridge Replacement (Original Amount \$142,500)	0	117,563	0	7,125	110,438	7,125
2011 County Road 30B Improvement (Original Amount \$74,250)	0	64,968	0	3,713	61,255	3,713
2011 County Road 23 Improvement (Original Amount \$71,572)	0	66,204	0	3,579	62,625	3,579
2013 Bridge Replacement (Original Amount \$234,578)	0	143,874	90,704	0	234,578	11,729
Total OPWC Loans		<u>1,026,921</u>	<u>90,704</u>	<u>79,574</u>	<u>1,038,051</u>	<u>82,599</u>
Total Governmental Activities		<u>12,676,921</u>	<u>90,704</u>	<u>1,199,574</u>	<u>11,568,051</u>	<u>1,232,599</u>
<b>Business-Type Activities:</b>						
<b>Special Assessment Bonds:</b>						
1992 Southwest Sanitary Sewer (Original Amount \$148,600)	5.0%	11,400	0	11,400	0	0
<b>OPWC Loans:</b>						
1993 Northwood Collection System (Original Amount \$55,600)	0	1,390	0	1,390	0	0
2003 Philothea Area Wastewater (Original Amount \$300,000)	0	127,500	0	15,000	112,500	15,000
Total OPWC Loans		<u>128,890</u>	<u>0</u>	<u>16,390</u>	<u>112,500</u>	<u>15,000</u>

(Continued)

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

	<u>Interest Rate</u>	<u>Balance 12/31/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2014</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>						
<b>OWDA Loans:</b>						
2002 Staeger Road Sanitary Sewer (Original Amount \$109,521)	3.64	47,557	0	6,081	41,476	6,305
2002 SR 129 and Burge Road (Original Amount \$400,463)	3.49	191,272	0	21,116	170,156	21,859
2005 Lake Acres (Original Amount \$248,037)	2.75	179,546	0	14,186	165,360	14,579
East Jefferson Phase 3 Sewers (Original Amount \$1,091,575)	0	955,128	0	54,579	900,549	54,579
West Jefferson Township Sewer (Original Amount \$1,214,964)	0	911,224	0	60,748	850,476	60,748
Marion Township Sewer (Original Amount \$2,254,469)	1	1,996,635	0	104,947	1,891,688	106,000
Northeast Sanitary Sewers (Original Amount \$51,750)	0%	41,400	0	10,350	31,050	10,350
Planning and Design for Un-sewered MCI Lagoon	0 1	29,040 1,043,867	42,960 0	0 52,328	72,000 991,539	0 0
<b>Total OWDA Loans</b>		<u>5,395,669</u>	<u>42,960</u>	<u>324,335</u>	<u>5,114,294</u>	<u>274,420</u>
<b>Ohio Water and Sewer Loans:</b>						
1991 Sandy Beach Area Sewer District (Original Amount \$42,822)	0	42,822	0	0	42,822	0
1992 Southwest Sewer (Original Amount \$269,223)	0	269,223	0	0	269,223	0
2001 Rotary SR 269 Sewer (Original Amount \$110,167)	0	88,673	0	0	88,673	0
<b>Total Ohio Water and Sewer Loans</b>		<u>400,718</u>	<u>0</u>	<u>0</u>	<u>400,718</u>	<u>0</u>
<b>Rural Industrial Park Loan</b>						
2001 Rural Industrial Park - SR269 (Original Amount \$200,000)	0-3	69,926	0	21,369	48,557	22,019
Midwest Electric Loan Agreement (Original Amount \$360,000)	0	0	360,000	60,000	300,000	60,000
<b>Total Business-Type Activities</b>		<u>\$6,006,603</u>	<u>\$402,960</u>	<u>\$433,494</u>	<u>\$5,976,069</u>	<u>\$371,439</u>

**General Obligation Bonds**

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

**Adult Detention Facility**

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

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

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

**2010 Various Purpose Bonds**

The bonds maturing on or after December 1, 2020, are subject to optional redemption, in whole or in part, at the option of the County, on any date commencing on or after December 1, 2019, at the redemption price of 100 percent of the principal amount of the bonds being redeemed plus accrued interest to the redemption date.

**2011 Central Services Refunding Bonds**

On October 26, 2011, the County issued \$2,460,000 in un-voted current refunding general obligation bonds to refund bonds previously issued for renovations of a building for use as County offices. The bonds were issued for a twelve year period with final maturity in 2023. The bonds will be paid from the Central Services General Obligation Bond debt service fund.

The bonds maturing after November 1, 2019, are subject to prior redemption, by and at the sole option of the County, either in whole or in part (as selected by the County), and in integral multiples of \$5,000, on any date on or after November 1, 2018, at a redemption price of par plus interest accrued to the redemption date.

**Special Assessment Bonds**

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

**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 \$112,500, payable through December 2022. For the current year, principal paid was \$16,390. For 2014, the Sanitary Sewer enterprise fund had an operating loss of \$14,473.

**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. Amortization schedules for the Planning and Design for Un-sewered and MCI Lagoon loans are not available until the completion of the project. Total principal and interest remaining on the completed OWDA loan projects is \$4,268,914, payable through December 2031. For the current year, principal and interest paid was \$364,498. For 2014, the Sanitary Sewer enterprise fund had an operating loss of \$14,473.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

**Ohio Water and Sewer Loans**

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

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

**Rural Industrial Park Loan**

The County obtained a loan from the Rural Industrial Park Loan Program to acquire a public right-of-way and extend the sanitary sewer and water main lines to serve the State Route 29 industrial corridor project. The Rural Industrial Park Loan will be paid from special assessments and the gross revenues of the Sanitary Sewer enterprise fund. Total principal and interest remaining on the Industrial Park loan is \$50,213, payable through December 2017. For 2014, the Sanitary Sewer enterprise fund had an operating loss of \$14,473.

**Midwest Electric Loan Agreement**

The County obtained an interest free loan from Midwest Electric as the result of a federal grant to provide for State Route 29 corridor improvements. The Midwest Electric Loan will be paid from special assessments and the gross revenues of the Sanitary Sewer enterprise fund. Total principal remaining on the Midwest Electric loan is \$300,000, payable through July 1, 2019. For 2014, the Sanitary Sewer enterprise fund had an operating loss of \$14,473.

At December 31, 2014, the County's overall debt margin was \$18,251,654 with an un-voted debt margin of \$6,302,759.

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

<u>Year</u>	<u>General Obligation Bonds</u>		<u>OPWC</u>
	<u>Principal</u>	<u>Interest</u>	<u>Loans</u>
			<u>Principal</u>
2015	\$1,150,000	\$405,269	\$82,599
2016	1,195,000	369,932	76,182
2017	1,225,000	329,758	69,771
2018	1,270,000	277,581	69,769
2019	1,325,000	230,256	69,771
2020-2024	4,365,000	382,045	326,455
2025-2029	0	0	266,786
2030-2034	0	0	76,718
	<u>\$10,530,000</u>	<u>\$1,994,841</u>	<u>\$1,038,051</u>



**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

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

Year	OPWC Loans	OWDA Loans		Rural Industrial Park Loan		Midwest Electric Loan
	Principal	Principal	Interest	Principal	Interest	Principal
2015	\$15,000	\$274,420	\$30,303	\$22,019	\$1,156	\$60,000
2016	15,000	276,887	27,836	22,689	486	60,000
2017	15,000	279,411	25,312	3,849	14	60,000
2018	15,000	271,646	22,727	0	0	60,000
2019	15,000	274,289	20,084	0	0	60,000
2020-2024	37,500	1,293,775	64,233	0	0	0
2025-2029	0	1,113,340	25,809	0	0	0
2030-2031	0	266,987	1,855	0	0	0
	<u>\$112,500</u>	<u>\$4,050,755</u>	<u>\$218,159</u>	<u>\$48,557</u>	<u>\$1,656</u>	<u>\$300,000</u>

**15. FUND BALANCE**

Fund balance is classified as non-spendable, 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
<b>Non-spendable for:</b>				
Unclaimed Monies	\$138,863	\$0	\$0	\$0
<b>Restricted for:</b>				
Adult Detention Facility Operations	0	0	0	2,011,185
Board of Developmental Disabilities Operations	0	0	2,357,677	0
Road and Bridge Repair/ Improvement	0	1,027,668	0	0
Sheriff Operations	154	0	0	0
Total Restricted	<u>154</u>	<u>1,027,668</u>	<u>2,357,677</u>	<u>2,011,185</u>
<b>Assigned for:</b>				
4-H Camp Improvements	10,158	0	0	0
Building Maintenance	116,925	0	0	0
Document Recording	51,424	0	0	0
Economic Development/ Rehabilitation	458,144	0	0	0
Flood Damage	8,859	0	0	0
Parent Education	890	0	0	0
Projected Budget Shortage	369,940	0	0	0
Sheriff Operations	58,118	0	0	0
Title Administration	380,642	0	0	0
Unpaid Obligations	388,103	0	0	0
Total Assigned	<u>1,843,203</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>\$1,982,220</u>	<u>\$1,027,668</u>	<u>\$2,357,677</u>	<u>\$2,011,185</u>

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**15. FUND BALANCE (Continued)**

<u>Fund Balance</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Non-spendable for:</b>		
Unclaimed Monies	\$0	\$138,863
<b>Restricted for:</b>		
Adult Detention Facility Operations	0	2,011,185
Airport Improvements	128,971	128,971
Board of Developmental Disabilities Operations	0	2,357,677
Child Support Enforcement	292,435	292,435
County Home Improvements	8,257	8,257
Court Operations	336,076	336,076
Crime Victim Assistance	7,287	7,287
Debt Retirement	48,181	48,181
Delinquent Tax Collections	54,998	54,998
Ditch Maintenance	982,436	982,436
Dog and Kennel Operations	30,567	30,567
Economic Development/ Rehabilitation	569,407	569,407
Environmental Restoration	55,699	55,699
Emergency Management Agency	56,694	56,694
Industrial Park Improvements	135,049	135,049
Job and Family Services Operations	229,319	229,319
Juvenile Corrections	136,901	136,901
Law Library	21,240	21,240
Park Maintenance	119,125	119,125
Real Estate Assessment	1,140,563	1,140,563
Road and Bridge Repair/Improvement	0	1,027,668
Sheriff Operations	370,493	370,647
Total Restricted	<u>4,723,698</u>	<u>10,120,382</u>
<b>Committed to:</b>		
Sheriff Operations	117,083	117,083
<b>Assigned for:</b>		
4-H Camp Improvements	0	10,158
Building Maintenance	0	116,925
Capital Improvements	62,170	62,170
Debt Service	128,171	128,171
Document Recording	0	51,424
Economic Development/Rehabilitation	0	458,144
Flood Damage	0	8,859
Parent Education	0	890
Projected Budget Shortage	0	369,940
Sheriff Operations	0	58,118
Title Administration	0	380,642
Unpaid Obligations	0	388,103
Total Assigned	<u>190,341</u>	<u>2,033,544</u>
Total Fund Balance	<u>\$5,031,122</u>	<u>\$12,409,872</u>

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**16. INTERFUND TRANSFERS**

During 2014, transfers were made from the General Fund to the Adult Detention Facility special revenue fund, in the amount of \$824,150, and to other governmental funds, in the amount of \$403,497, to subsidize operations in those funds. The Motor Vehicle and Adult Detention Facility special revenue funds and other governmental funds made transfers to other governmental funds, in the amount of \$3,122,489, \$854,453, and \$164,518, respectively, to subsidize operations of other funds and to make debt payments as they came due. Other enterprise funds made transfers to other governmental funds, in the amount of \$532, to meet grant requirements.

**17. JOINTLY GOVERNED ORGANIZATIONS**

**A. Mercer County Regional Planning Commission**

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

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 2014, 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 2014, a tax levy provided \$642,650 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.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

**C. West Central Ohio Network**

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

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

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

**E. 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.

**18. INSURANCE POOLS**

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

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and the treasurer of the CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year and each elected member shall be a county commissioner.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**18. INSURANCE POOLS (Continued)**

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

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

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

**C. Midwest Employee Benefit Consortium**

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

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

**19. 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 County 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.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**19. RELATED ORGANIZATIONS (Continued)**

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 2014, this allocation was \$80,636.

**20. RELATED PARTY TRANSACTIONS**

During 2014, Mercer County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to C.A. Group. C.A. Group, a legally separate not-for-profit corporation that provides sheltered employment for mentally disabled or handicapped adults in Mercer County, reported \$92,697 for such contributions.

**21. CONTINGENT LIABILITIES**

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

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

**22. SUBSEQUENT EVENTS**

On April 21, 2015, the County authorized the issuance of \$101,150 taxable various purpose bond anticipation notes, series 2011, purposes of refunding notes originally issued to pay the cost of making capital improvement. The notes have an interest rate of 1.2% and will mature on April 22, 2016. On April 21, 2015, the County authorized the issuance of \$155,550 taxable ditch improvement bond anticipation notes, series 2012, originally issued to pay cost of making capital improvements. The notes have an interest rate of 1.2% and will mature on April 22, 2016.

On April 21, 2015, the County authorized the issuance of \$60,500 taxable ditch improvement bond anticipation notes, series 2015, for purpose of making ditch improvements to the Muhlenkamp Hays Ditch. The notes have an interest rate of 1.2% and will mature on April 22, 2016. On April 21, 2015, the County authorized the issuance of \$39,600 taxable sewer project bond anticipation note for the purpose of financing Mendon Road sewer project. The note has an interest rate of 1.2% and will mature on April 22, 2016.

On April 21, 2015, the County authorized the issuance of \$356,800 taxable various purpose bond anticipation notes. The notes have an interest rate of 1.2% and will mature on April 22, 2016. On June 2, 2015, the County authorized the issuance of \$510,000 taxable infrastructure improvement bond anticipation notes to pay the cost of making capital improvements. The notes have an interest rate of 1.3% and will mature on June 3, 2016.

The County accepted a bid of \$1,395,000 on April 21, 2015 for the East Jefferson Waterline Project.

**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>(Passed through Ohio Department of Education)</i>				
Nutrition Cluster:				
Cash Assistance:				
School Breakfast Program		10.553	\$3,919	
Non-Cash Assistance (food distribution)				
National School Lunch Program		10.555		\$6,828
Cash Assistance:				
National School Lunch Program		10.555	6,108	
Total Nutrition Cluster			<u>10,027</u>	<u>6,828</u>
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Supplemental Nutrition Assistance Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5397	10.561	156,288	
Total U.S. Department of Agriculture, Food and Nutrition Services			<u>166,315</u>	<u>6,828</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>(Passed through Ohio Development Services Agency)</i>				
Community Development Block Grants:				
Community Development Block Grants/State's Program	B-C-13-1BX-1 B-F-12-1BX-1 B-F-13-1BX-1 B-E-13-1BX-1 B-E-13-1BX-2	14.228	151,401 22,061 399,620 300,000 249,408	
Total Community Development Block Grants/State's Program			<u>1,122,490</u>	
Home Investment Partnership Program	B-C-13-1BX-2	14.239	143,852	
Total U.S. Department of Housing and Urban Development			<u>1,266,342</u>	
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>(Passed through Attorney General's Crime Victim Services)</i>				
Crime Victim Assistance	2014VAGENE068 2015VAGENE068	16.575	18,198 7,726	
Total Crime Victim Assistance			<u>25,924</u>	
<i>(Passed through Office of Criminal Justice Services)</i>				
Edward Byrne Memorial Justice Assistance Grant Program	2013-JG-LLE-5165	16.738	5,000	
Total U.S. Department of Justice			<u>30,924</u>	
<b>UNITED STATES DEPARTMENT OF LABOR</b>				
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>				
Workforce Investment Act (WIA) Cluster:				
WIA - Adult (FY14)	N/A	17.258	385,409	
WIA - Youth Activities (PY14)	N/A	17.259	231,834	
WIA Dislocated Worker Formula Grant (FY1/PY14) - Admin	N/A	17.278	238,760	
Total Workforce Investment Act (WIA) Cluster			<u>856,003</u>	
WIA National Emergency Grant	N/A	17.277	9,901	
WIA Dislocated Worker Formula Grant (PY14) - Recovery	N/A	17.260	55,000	
Total U.S. Department of Labor			<u>920,904</u>	

**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S DEPARTMENT OF TRANSPORTATION</b>				
<i>(Passed through Ohio Department of Transportation)</i>				
Job Access and Reverse Commute Program	JARC-4054-087-131	20.516	105,381	
Capital Assistance Program for Elderly Persons & Persons with Disabilities	CRD 0054-005-131	20.513	28,622	
Highway Planning and Construction	PID #89455	20.205	3,227	
	PID #96971		1,340	
	PID #89486		3,160	
	National Transportation Act - PID #95209		169,512	
Total Highway Planning and Construction			<u>177,239</u>	
<i>(Passed through Office of Criminal Justice Services)</i>				
High Visibility Enforcement Overtime	HVEO-2014-54-00-00-00376-00	20.600	19,778	
Total U.S. Department of Transportation			<u>331,020</u>	
<b>UNITED STATES DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>				
Child Support Enforcement	G-1415-11-5398	93.563	456,856	
Temporary Assistance for Needy Families	G-1415-11-5397	93.558	633,716	
Adoption Assistance	G-1415-11-5397	93.659	50,847	
Foster Care - Title IV-E	G-1415-11-5397	93.658	172,693	
Stephanie Tubbs Jones Child Welfare Services Program	G-1415-11-5397	93.645	30,877	
Promoting Safe and Stable Families	G-1415-11-5397	93.556	42,393	
Child Care Cluster:				
Child Care and Development Block Grant	G-1415-11-5397	93.575	30,731	
Community Based Child Abuse Prevention Grants	N/A	93.590	1,624	
Chafee Foster Care Independence Program	G-1415-11-5397	93.674	7,113	
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant Program		93.667	14,626	
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>				
Social Services Block Grant Program	G-1415-11-5397	93.667	311,602	
Total Social Services Block Grant Program			<u>326,228</u>	
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Medical Assistance Program		93.778	95,871	
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>				
Medical Assistance Program		93.778	366,779	
Total Medical Assistance Program			<u>462,650</u>	
<i>(Passed through Ohio Secretary of State)</i>				
Voting Access for Individuals with Disabilities - Grants to State		93.617	2,040	
Total U.S. Department of Health and Human Services			<u>2,217,768</u>	



**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
UNITED STATES ELECTION ASSISTANCE COMMISSION <i>(Passed through Ohio Secretary of State)</i>				
Help America Vote Act Requirement Payments		90.401	1,792	
Total U.S. Election Assistance Commission			<u>1,792</u>	
U.S DEPARTMENT OF HOMELAND SECURITY <i>(Passed through Ohio Emergency Management Agency)</i>				
Hazard Mitigation Grant	FEMA-DR-1805.27P	97.039	1,685	
Emergency Management Performance	EMW-2014-EP-00064	97.042	50,751	
<i>(Passed Through Ohio Department of Public Safety)</i>				
Homeland Security Grant	EMW-2011-SS-00070	97.067	<u>3,000</u>	
Total U.S. Department of Homeland Security			<u>55,436</u>	
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY <i>(Passed Through the Ohio Environmental Agency)</i>				
Nonpoint Source Implementation Grants		66.460	<u>178,978</u>	
Total U.S. Department of Environmental Protection Agency			<u>178,978</u>	
Total Federal Assistance			<u>\$5,169,479</u>	<u>\$6,828</u>

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

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**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2014**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – SUB-RECIPIENTS**

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

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

**NOTE C – NUTRITION CLUSTER**

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

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

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

Activity in the CDBG revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	\$2,165,802
Loans made	1,212,633
Loan principal repaid	<u>(462,167)</u>
Ending loans receivable balance as of December 31, 2014	<u>2,916,268</u>
Cash balance on hand in the revolving loan fund as of December 31, 2014	<u><u>\$466,670</u></u>

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2014, the County estimates \$0 in loans are 60 days past due.

**FINANCIAL CONDITION  
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**NOTE F – 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 G – TRANSFERS BETWEEN FEDERAL FUNDS**

During fiscal year 2014, the County made allowable transfers of \$204,722 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$633,716 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2014 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$828,438
Transfer to Social Services Block Grant	<u>(204,722)</u>
Total Temporary Assistance for Needy Families	<u>\$633,716</u>



# Dave Yost • Auditor of State

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

Mercer County Commissioners  
Central Services Building  
220 W. 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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 12, 2015, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402  
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

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***Entity's Response to Findings***

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 12, 2015



# Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Mercer County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Mercer County's major federal programs for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Basis for Qualified Opinion on Community Development Block Grant and Workforce Investment Act Cluster***

As described in Findings 2014-002 through 2014-004 in the accompanying schedule of findings, the County did not comply with requirements regarding the following:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2014-002	14.228	Community Development Block Grant	Cash Management
2014-003	17.258,17.259,17.278	Workforce Investment Act Cluster	Activities Allowed/ Un-allowed
2014-004	17.258,17.259,17.278	Workforce Investment Act Cluster	Reporting

Compliance with these requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

***Qualified Opinion on Community Development Block Grant, Workforce Investment Act Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* on Community Development Block Grant and Workforce Investment Act Cluster paragraph, Mercer County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grant and Workforce Investment Act Cluster for the year ended December 31, 2014.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Mercer County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2014.

***Other Matters***

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

***Report on Internal Control over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.



A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliances, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2014-002 through 2014-004 to be material weaknesses.

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

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 12, 2015

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**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2014**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified – CFDA #14.228; CFDA #17.258, 17.259, 17.278 Unmodified - CFDA #93.778 and CFDA #93.667
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Medicaid Assistance Program CFDA# 93.778 Workforce Investment Act CFDA#17.258, 17.259,17.278 Community Development Block Grant CFDA# 14.228 Social Services Block Grant CFDA# 93.667
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2014-001**

**Not Reporting in Accordance with GAAP - Noncompliance**

**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 of the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

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

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

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

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

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Community Development Block Grant (CDBG) – Cash Management**

<b>Finding Number</b>	2014-002
<b>CFDA Title and Number</b>	CFDA # 14.228 Community Development Block Grant (CDBG)
<b>Federal Award Number / Year</b>	CDBG B-E-13-1BX-2; CDBG Grant B-C-13-1BX-1; CDBG Grant B-F-12-1BX-1; CDBG Grant B-F-1BX-1
<b>Federal Agency</b>	Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Development Services Agency

**NONCOMPLIANCE AND MATERIAL WEAKNESS**

**24 CFR § 85.21(c)** states that grantees and sub-grantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of funds and their disbursement by the grantee or sub-grantee.

**FINDING NUMBER 2014-002  
 (Continued)**

Furthermore, **Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A)(3)(f)** states that Grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

The CDBG B-E-13-1BX-2 had a balance of \$400,000 on August 8, 2014 and it was still not reduced to a balance of less than \$5,000 by December 31, 2014. CDBG Grant B-C-13-1BX-1 had a balance of \$9,837 on March 17, 2014 and it increased to over \$69,000 and did not get to a balance of less than \$5,000 until August 1, 2014. CDBG Grant B-F-12-1BX-1 had a balance of \$21,853 to start the year off and it did not have a balance below \$5,000 until May, 9, 2014. Finally, CDBG Grant B-F-13-1BX-1 had two instances of noncompliance. The grant had a balance of \$15,036 on May 23, 2014 but did not get to a balance less than \$5,000 until July 3, 2014; and, on August 4, 2014 there was a balance of \$8,700 which increased to over \$340,000 and did not get under \$5,000 until December 18, 2014.

The County should develop a cash management system to monitor the fifteen day rule regarding the prompt disbursement of funds and also use the program income revenues before drawing other funds. The County should then submit a Request for Payments for current cash needs and monitor the receipts, disbursements, and balances of the Community Development Block Grant funds to avoid excessive federal fund cash balances.

**Officials' Response:** We will try to coordinate with the project engineer and contractor to better anticipate the amounts and dates pay applications will be submitted, so we disburse the funds in a more timely manner.

**WIA- Random Moment Sampling (RMS)**

<b>Finding Number</b>	2014-003
<b>CFDA Title and Number</b>	CFDA #17.258,17.259,17.278 Workforce Investment Act Cluster (WIA)
<b>Federal Award Number / Year</b>	FY 2013, 2014 & 2015
<b>Federal Agency</b>	Department of Labor
<b>Pass-Through Agency</b>	Ohio Department of Job & Family Services

**NONCOMPLIANCE AND MATERIAL WEAKNESS**

**Ohio Admin. Code § 5101:9-7-20(E)(2)** states the employee clicks on the webRMS link included in the e-mail to access the observation moment: (a) The employee selects the appropriate program and activity code, (b) The employee is required to complete the comment section. Comments shall demonstrate that the selected program and activity codes support the work being performed by the assigned position at the time of the observation:

- (i) An employee working on a case shall include a case number or other unique identifier establishing case / client identity.
- (ii) An employee not working on a case enters comments. The employee shall ensure that adequate backup documentation is available to verify the activity being performed.
- (iii) An employee attending a meeting or training at the time of the observation moment shall enter the title / subject, location, and facilitator.
- (iv) An employee on break, at lunch, on leave or on personal business at the time of the observation shall indicate the position was idle.

**FINDING NUMBER 2014-003  
 (Continued)**

Two of the 25 cases tested in the 3rd quarter of Workforce RMS did not include a case number or other unique identifier to establish a case / client identity.

The Workforce Investment Act (WIA) Area 8 should develop procedures over Random Moment Sampling (RMS) to monitor that all required parts of the employee observations are completed accurately.

**Official's Response:** A new protocol for RMS approval has been implemented, in which the worker's supervisor coordinates and approves all RMS submissions, and this is further reviewed by the fiscal staff. In the past, this RMS approval process was reversed, with fiscal staff coordinating and approving all RMS submissions. As the supervisor is in a better position to determine case numbers and employee activities, WIA Area 8, now known as WIOA Area 8, has amended this procedure.

**FINDING NUMBER 2014-004**

**WIA- Financial Reporting**

<b>Finding Number</b>	2014-004
<b>CFDA Title and Number</b>	CFDA # 17.258, 17.259 & 17.278 Workforce Investment Act Cluster (WIA)
<b>Federal Award Number / Year</b>	FY 2013, 2014 & 2015
<b>Federal Agency</b>	Department of Labor
<b>Pass-Through Agency</b>	Ohio Department of Job & Family Services

**NONCOMPLIANCE AND MATERIAL WEAKNESS**

**Ohio Admin Code Section 5101:9-7-29 (C)** Financial reporting requirements for County Family Services Agencies (CFSA) and Workforce Investment Act (WIA) local area requires CFSA quarterly financial statement certification. The CFSA shall adhere to the timeframes established in this rule for the submission of financial data. Failure to make timely submissions of financial data through CFIS may cause the CFSA reimbursement or draw request to be delayed.

- (1) The quarterly financial statement is a summary of the information submitted via CFIS for each month in the quarter. Completion and certification of the quarterly financial statements is a cooperative effort between county auditors and the CFSA.
  - (a) The CFSA has access to quarterly financial data in CFIS following the eighteenth day of the month following the last month of each quarter.
  - (b) The CFSA is given five business days after the eighteenth day of the month following the last month of the quarter to review the financial data for accuracy. When reviewing the preliminary financial data, a CFSA shall:
    - (i) Reconcile differences between the county auditor financial records and the financial data submitted via CFIS; and
    - (ii) Approve and submit to OAKS any adjustments and/or corrections.

Expenditures did not agree to the County reports in two of the six months tested and revenues did not agree in one month.

Failure to properly reconcile amounts and report accurate numbers may cause delay in reimbursements and draws.

The County WIA should establish procedures to reconcile the amounts reported on quarterly reports agree to the County ledgers and other reports to support the amounts being reported.

**FINDING NUMBER 2014-004**  
**(Continued)**

**Official's response:** WIA Area 8, now known as WIOA Area 8, also has been concerned with the failure to balance expenditures and revenue with the county ledgers. We have also observed that no documentation was provided to the county commissioners to validate the quarterly financial statement. In the future, documentation shall be provided and attached to all quarterly financial statements to verify the match with the county ledgers to ensure balance. In the future, quarterly financial reports shall be submitted timely, as shall submission to OAKS. Fiscal staff has been instructed to access the CFIS data at the earliest possible date, and fiscal supervision has verified the schedule of submission and shall be the party responsible for the timely submission.

**FINANCIAL CONDITION  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	ORC Rev. Code Section 117.38 and Ohio Admin Code Section 117-2-03(B) - not filing financial report on a GAAP basis	No	Repeated as Finding 2014-001
2013-002	24 CFR § 85.21(c) CDBG-Cash Management	No	Repeated as Finding 2014-002
2013-003	Ohio Admin. Code § 5101:9-7-20(E)(2) WIA RMS monitoring	No	Repeated as Finding 2014-003
2013-004	20 CFR § 667.410 (a) -each recipient and sub-recipient must conduct regular oversight and monitoring of its WIA activities.	Yes	
2013-005	2 CFR 225 Appendix A, Section C(1)(j) cost must be adequately documented.	Yes	



**MERCER COUNTY FINANCIAL CONDITION  
MERCER COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	Mercer County believes that reporting on a GAAP basis is cost prohibitive. Therefore, the County switched to an OCBOA cash basis of reporting, which meets management's needs without substantial additional costs.		
2014-002	The Community Development Office is working with the contractor and the engineer to know when pay applications and amounts should be submitted to comply with the 15-day cash management rule.	07/01/2015	Renee Muhlenkamp
2014-003 RMS	A new protocol for RMS approval has been implemented, in which the worker's supervisor coordinates and approves all RMS submissions, and this is further reviewed by the fiscal staff. In the past, this RMS approval process was reversed, with fiscal staff coordinating and approving all RMS submissions. As the supervisor is in a better position to determine case numbers and employee activities, WIA Area 8, now known as WIOA Area 8, has amended this procedure.	07/01/2015	Angela Nickell
2014-004 Financial Reporting	WIA Area 8, now known as WIOA Area 8, also has been concerned with the failure to balance expenditures and revenue with the county ledgers. We have also observed that no documentation was provided to the county commissioners to validate the quarterly financial statement. In the future, documentation shall be provided and attached to all quarterly financial statements to verify the match with the county ledgers to ensure balance. In the future, quarterly financial reports shall be submitted timely, as shall submission to OAKS. Fiscal staff has been instructed to access the CFIS data at the earliest possible date, and fiscal supervision has verified the schedule of submission and shall be the party responsible for the timely submission.	07/01/2015	Angela Nickell

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# Dave Yost • Auditor of State

## MERCER COUNTY FINANCIAL CONDITION

### MERCER COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 1, 2015