



MERCER COUNTY, OHIO

SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024



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Board of County Commissioners
Mercer County
101 North Main Street
Celina, Ohio 45822

We have reviewed the *Independent Auditors' Report* of Mercer County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Mercer County is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 17, 2025

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INDEPENDENT AUDITORS' REPORT

Mercer County, Ohio
Board of County Commissioners
101 North Main Street
Celina, OH 45822

Report on the Audit of the Financial Statements

Opinions

We have audited the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, Ohio (the County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2024, and the respective changes in cash basis financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle, Developmental Disabilities, Adult Detention Facility, Local Fiscal Recovery Funds for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2025

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Mercer County
Statement of Net Position - Cash Basis
December 31, 2024

	Governmental Activities	Business- Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$38,991,132	\$5,642,807	\$44,633,939
Cash and Cash Equivalents in Segregated Accounts	34,824	0	34,824
Cash and Cash Equivalents with Fiscal Agent	3,961,463	0	3,961,463
 Total Assets	 <u>\$42,987,419</u>	 <u>\$5,642,807</u>	 <u>\$48,630,226</u>
 Net Position			
Restricted for			
Debt Service	\$127,787	\$0	\$127,787
Capital Projects	785,022	0	785,022
American Rescue Plan	577,449	0	577,449
Public Safety	1,335,855	0	1,335,855
Public Works	1,628,071	0	1,628,071
Health	673,244	0	673,244
Human Services	16,477,631	0	16,477,631
Conservation and Recreation	178,869	0	178,869
Economic Development and Assistance	626,614	0	626,614
Other Purposes	2,518,142	0	2,518,142
Unrestricted	<u>18,058,735</u>	<u>5,642,807</u>	<u>23,701,542</u>
 Total Net Position	 <u>\$42,987,419</u>	 <u>\$5,642,807</u>	 <u>\$48,630,226</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2024

	Program Receipts			
	Disbursements	Charges for Services and Assessments	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
General Government				
Legislative and Executive	\$8,239,498	\$2,601,323	\$518,800	\$214,701
Judicial	2,958,395	1,082,359	45,000	0
Public Safety	9,264,503	380,787	631,053	0
Public Works	14,173,738	3,565,977	7,333,447	2,911,407
Health	559,938	102,997	0	0
Human Services	13,379,612	99,557	6,645,141	0
Conservation and Recreation	1,314,249	30,012	156,894	0
Economic Development and Assistance	3,009,108	0	1,860,414	0
Capital Outlay	1,660,711	0	0	0
Debt Service				
Principal Retirement	1,336,458	0	0	0
Interest	123,088	0	0	0
Total Governmental Activities	<u>56,019,298</u>	<u>7,863,012</u>	<u>17,190,749</u>	<u>3,126,108</u>
<u>Business-Type Activities</u>				
Sanitary Sewer	2,072,843	1,946,981	0	0
Other Enterprise				
Water	107,445	186,313	0	0
Solid Waste	100,694	0	6,806	0
Ambulance	1,008,331	1,183,987	34,966	0
Total Business-Type Activities	<u>3,289,313</u>	<u>3,317,281</u>	<u>41,772</u>	<u>0</u>
Total	<u><u>\$59,308,611</u></u>	<u><u>\$11,180,293</u></u>	<u><u>\$17,232,521</u></u>	<u><u>\$3,126,108</u></u>
General Receipts				
Property Taxes Levied for				
General Operating				
Developmental Disabilities				
Children's Services				
Sales Taxes				
General Operating				
Adult Detention Facility				
Grants and Entitlements not Restricted to Other Programs				
Investment Earnings/Interest				
Other				
Bond Anticipation Notes Issued				
OPWC Loans Issued				
Total General Receipts				
Advances				
Total General Receipts and Advances				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See Accompanying Notes to the Basic Financial Statements

Net (Disbursements) Receipts and
Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$4,904,674)	\$0	(\$4,904,674)
(1,831,036)	0	(1,831,036)
(8,252,663)	0	(8,252,663)
(362,907)	0	(362,907)
(456,941)	0	(456,941)
(6,634,914)	0	(6,634,914)
(1,127,343)	0	(1,127,343)
(1,148,694)	0	(1,148,694)
(1,660,711)	0	(1,660,711)
(1,336,458)	0	(1,336,458)
(123,088)	0	(123,088)
<u>(27,839,429)</u>	<u>0</u>	<u>(27,839,429)</u>
0	(125,862)	(125,862)
0	78,868	78,868
0	(93,888)	(93,888)
<u>0</u>	<u>210,622</u>	<u>210,622</u>
<u>0</u>	<u>69,740</u>	<u>69,740</u>
<u>(27,839,429)</u>	<u>69,740</u>	<u>(27,769,689)</u>
3,768,561	0	3,768,561
4,474,162	0	4,474,162
458,189	0	458,189
7,662,815	0	7,662,815
3,831,198	0	3,831,198
1,725,277	0	1,725,277
1,943,350	0	1,943,350
4,160,580	27,471	4,188,051
1,544,500	0	1,544,500
443,437	0	443,437
30,012,069	27,471	30,039,540
<u>11,700</u>	<u>(11,700)</u>	<u>0</u>
<u>30,023,769</u>	<u>15,771</u>	<u>30,039,540</u>
2,184,340	85,511	2,269,851
<u>40,803,079</u>	<u>5,557,296</u>	<u>46,360,375</u>
<u>\$42,987,419</u>	<u>\$5,642,807</u>	<u>\$48,630,226</u>

Mercer County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2024

	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,477,391	\$985,618	\$8,816,740	\$7,836,268
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	3,961,463	0
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	218,078	0	0	0
Total Assets	\$8,695,469	\$985,618	\$12,778,203	\$7,836,268
Fund Balances				
Nonspendable	\$218,078	\$0	\$0	\$0
Restricted	7,099	985,618	12,778,203	0
Committed	0	0	0	7,836,268
Assigned	3,835,981	0	0	0
Unassigned	4,634,311	0	0	0
Total Fund Balances	\$8,695,469	\$985,618	\$12,778,203	\$7,836,268

See Accompanying Notes to the Basic Financial Statements

Local Fiscal Recovery	Other Governmental	Total
\$577,449	\$12,079,588	\$38,773,054
0	34,824	34,824
0	0	3,961,463
0	0	218,078
\$577,449	\$12,114,412	\$42,987,419

\$0	\$0	\$218,078
577,449	10,362,237	24,710,606
0	472,136	8,308,404
0	1,280,039	5,116,020
0	0	4,634,311
\$577,449	\$12,114,412	\$42,987,419

Mercer County
 Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2024

	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
Receipts				
Property Taxes	\$3,768,561	\$0	\$4,474,162	\$0
Sales Taxes	7,662,815	0	0	3,831,198
Special Assessments	0	0	0	0
Charges for Services	2,430,319	2,007,282	2,092	0
Licenses and Permits	3,011	0	0	0
Fines, Forfeitures and Settlements	39,239	47,119	0	0
Intergovernmental	2,231,460	10,145,595	1,513,651	15,605
Investment Earnings/Interest	1,719,573	58,453	212,528	0
Leases	116,177	0	0	0
Donations	500	0	1,547	0
Other	761,100	192,108	379,473	23,095
Total Receipts	18,732,755	12,450,557	6,583,453	3,869,898
Disbursements				
Current				
General Government				
Legislative and Executive	7,352,161	0	0	0
Judicial	2,711,737	0	0	0
Public Safety	4,545,840	0	0	3,299,695
Public Works	55,779	13,236,094	0	0
Health	391,119	0	0	0
Human Services	392,419	0	5,970,592	0
Conservation and Recreation	406,477	0	0	0
Economic Development and Assistance	708,108	0	0	0
Other	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service				
Principal Retirement	24,009	0	0	24,009
Interest	2,742	0	0	2,741
Total Disbursements	16,590,391	13,236,094	5,970,592	3,326,445
Excess of Receipts Over (Under) Disbursements	2,142,364	(785,537)	612,861	543,453
Other Financing Sources (Uses)				
Bond Anticipation Notes Issued	0	0	0	0
OPWC Loan Issued	0	443,437	0	0
Advances In	741,623	0	0	0
Advances Out	(337,445)	0	0	0
Transfers In	0	0	0	1,050,923
Transfers Out	(1,314,424)	(524,339)	0	0
Total Other Financing Sources (Uses)	(910,246)	(80,902)	0	1,050,923
Changes in Fund Balances				
Fund Balances at Beginning of Year	1,232,118	(866,439)	612,861	1,594,376
Fund Balances at End of Year	\$8,695,469	\$985,618	\$12,778,203	\$7,836,268

See Accompanying Notes to the Basic Financial Statements

Local Fiscal Recovery	Other Governmental	Total
\$0	\$458,189	\$8,700,912
0	0	11,494,013
0	1,308,577	1,308,577
0	1,322,372	5,762,065
0	265,656	268,667
0	221,599	307,957
0	7,936,896	21,843,207
0	129,873	2,120,427
0	96,911	213,088
0	6,931	8,978
0	2,820,334	4,176,110
0	14,567,338	56,204,001
0	885,901	8,238,062
43,621	203,037	2,958,395
339,740	1,079,228	9,264,503
540,552	341,313	14,173,738
23,658	145,161	559,938
0	7,016,601	13,379,612
669,084	238,688	1,314,249
0	2,301,000	3,009,108
0	1,436	1,436
359,000	1,301,711	1,660,711
0	1,288,440	1,336,458
0	117,605	123,088
1,975,655	14,920,121	56,019,298
(1,975,655)	(352,783)	184,703
0	1,544,500	1,544,500
0	0	443,437
0	338,497	1,080,120
0	(730,975)	(1,068,420)
0	819,885	1,870,808
0	(32,045)	(1,870,808)
0	1,939,862	1,999,637
(1,975,655)	1,587,079	2,184,340
2,553,104	10,527,333	40,803,079
\$577,449	\$12,114,412	\$42,987,419

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, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Receipts</u>				
Property Taxes	\$2,754,400	\$2,754,400	\$3,811,353	\$1,056,953
Sales Taxes	7,745,000	7,745,000	7,662,815	(82,185)
Charges for Services	2,335,717	2,335,717	2,420,708	84,991
Licenses and Permits	3,055	3,055	3,011	(44)
Fines, Forfeitures and Settlements	40,800	40,800	37,584	(3,216)
Intergovernmental	2,016,500	2,016,500	2,231,460	214,960
Interest	910,300	910,300	1,711,538	801,238
Lease	116,177	116,177	116,177	0
Donations	10,500	10,500	500	(10,000)
Other	792,252	810,359	761,100	(49,259)
Total Receipts	16,724,701	16,742,808	18,756,246	2,013,438
<u>Disbursements</u>				
Current				
General Government				
Legislative and Executive	8,830,481	8,249,234	7,585,284	663,950
Judicial	3,025,143	3,070,280	2,851,271	219,009
Public Safety	5,984,998	5,003,661	4,767,988	235,673
Public Works	233,913	94,962	55,779	39,183
Health	422,864	422,864	394,357	28,507
Human Services	565,569	565,569	392,419	173,150
Conservation and Recreation	407,497	475,957	457,477	18,480
Economic Development and Assistance	812,507	812,507	715,921	96,586
Debt Service				
Principal Retirement	24,009	24,009	24,009	0
Interest	2,742	2,742	2,742	0
Total Disbursements	20,309,723	18,721,785	17,247,247	1,474,538
Excess of Receipts Over (Under) Disbursements	(3,585,022)	(1,978,977)	1,508,999	3,487,976
<u>Other Financing Sources (Uses)</u>				
Other Financing Uses	0	(11,911)	(11,911)	0
Advances In	457,173	457,173	741,623	284,450
Advances Out	(73,730)	(337,445)	(337,445)	0
Transfers In	182,565	182,565	0	(182,565)
Transfers Out	(342,861)	(1,372,489)	(1,314,424)	58,065
Total Other Financing Sources (Uses)	223,147	(1,082,107)	(922,157)	159,950
Changes in Fund Balance	(3,361,875)	(3,061,084)	586,842	3,647,926
Fund Balance at Beginning of Year	6,278,793	6,278,793	6,278,793	0
Prior Year Encumbrances Appropriated	943,955	943,955	943,955	0
Fund Balance at End of Year	\$3,860,873	\$4,161,664	\$7,809,590	\$3,647,926

See Accompanying Notes to the Basic Financial Statements

Mercer County
 Statement of Receipts, Disbursements, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Motor Vehicle Fund
 For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Receipts</u>				
Charges for Services	\$2,775,650	\$2,775,650	\$2,007,282	(\$768,368)
Fines, Forfeitures and Settlements	37,000	37,000	41,827	4,827
Intergovernmental	13,592,314	13,592,314	10,145,595	(3,446,719)
Interest	95,000	95,000	58,453	(36,547)
Other	80,200	80,200	192,108	111,908
Total Receipts	16,580,164	16,580,164	12,445,265	(4,134,899)
<u>Disbursements</u>				
Current				
Public Works	18,123,787	18,193,177	15,485,064	2,708,113
Excess of Receipts Under Disbursements	(1,543,623)	(1,613,013)	(3,039,799)	(1,426,786)
<u>Other Financing Sources (Uses)</u>				
OPWC Loans Issued	340,000	340,000	443,437	103,437
Transfers Out	(532,673)	(532,673)	(524,339)	8,334
Total Other Financing Sources (Uses)	(192,673)	(192,673)	(80,902)	111,771
Changes in Fund Balance	(1,736,296)	(1,805,686)	(3,120,701)	(1,315,015)
Fund Deficit at Beginning of Year	(2,122,976)	(2,122,976)	(2,122,976)	0
Prior Year Encumbrances Appropriated	3,963,120	3,963,120	3,963,120	0
Fund Balance (Deficit) at End of Year	<u>\$103,848</u>	<u>\$34,458</u>	<u>(\$1,280,557)</u>	<u>(\$1,315,015)</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
 Statement of Receipts, Disbursements, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Developmental Disabilities Fund
 For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Receipts</u>				
Property Taxes	\$4,434,984	\$4,434,984	\$4,582,536	\$147,552
Intergovernmental	1,357,000	1,357,000	1,513,651	156,651
Donations	0	0	1,547	1,547
Other	190,400	190,400	179,473	(10,927)
Total Receipts	5,982,384	5,982,384	6,277,207	294,823
<u>Disbursements</u>				
Current				
Human Services	5,853,980	5,913,980	5,844,498	69,482
Changes in Fund Balance	128,404	68,404	432,709	364,305
Fund Balance at Beginning of Year	8,213,725	8,213,725	8,213,725	0
Prior Year Encumbrances Appropriated	31,630	31,630	31,630	0
Fund Balance at End of Year	<u>\$8,373,759</u>	<u>\$8,313,759</u>	<u>\$8,678,064</u>	<u>\$364,305</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
 Statement of Receipts, Disbursements, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Adult Detention Facility Fund
 For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Receipts</u>				
Sales Taxes	\$3,850,000	\$3,850,000	\$3,831,198	(\$18,802)
Intergovernmental	10,000	10,000	15,605	5,605
Other	20,000	20,000	23,095	3,095
Total Receipts	<u>3,880,000</u>	<u>3,880,000</u>	<u>3,869,898</u>	<u>(10,102)</u>
<u>Disbursements</u>				
Current				
Public Safety	3,796,528	3,880,382	3,481,952	398,430
Debt Service				
Principal Retirement	24,009	24,009	24,009	0
Interest	2,741	2,741	2,741	0
Total Disbursements	<u>3,823,278</u>	<u>3,907,132</u>	<u>3,508,702</u>	<u>398,430</u>
Excess of Receipts Over (Under) Disbursements	56,722	(27,132)	361,196	388,328
<u>Other Financing Sources</u>				
Transfers In	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,050,923</u>	<u>50,923</u>
Changes in Fund Balance	1,056,722	972,868	1,412,119	439,251
Fund Balance at Beginning of Year	6,004,312	6,004,312	6,004,312	0
Prior Year Encumbrances Appropriated	<u>237,580</u>	<u>237,580</u>	<u>237,580</u>	<u>0</u>
Fund Balance at End of Year	<u>\$7,298,614</u>	<u>\$7,214,760</u>	<u>\$7,654,011</u>	<u>\$439,251</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
 Statement of Receipts, Disbursements, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Local Fiscal Recovery Fund
 For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Receipts</u>				
	\$0	\$0	\$0	\$0
<u>Disbursements</u>				
Current				
General Government				
Legislative and Executive	14,472	14,472	0	14,472
Judicial	43,621	43,621	43,621	0
Public Safety	339,740	339,740	339,740	0
Public Works	540,552	540,552	540,552	0
Health	601,107	601,107	601,107	0
Conservation and Recreation	652,181	669,084	669,084	0
Capital Outlay	359,000	359,000	359,000	0
Total Disbursements	2,550,673	2,567,576	2,553,104	14,472
Changes in Fund Balance	(2,550,673)	(2,567,576)	(2,553,104)	14,472
Fund Balance at Beginning of Year	1,387,431	1,387,431	1,387,431	0
Prior Year Encumbrances Appropriated	1,165,673	1,165,673	1,165,673	0
Fund Balance at End of Year	\$2,431	(\$14,472)	\$0	\$14,472

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Fund Net Position - Cash Basis
Enterprise Funds
December 31, 2024

	Sanitary Sewer	Other Enterprise	Total
<u>Assets</u> Equity in Pooled Cash and Cash Equivalents	<u>\$2,542,192</u>	<u>\$3,100,615</u>	<u>\$5,642,807</u>
<u>Net Position</u> Unrestricted	<u>\$2,542,192</u>	<u>\$3,100,615</u>	<u>\$5,642,807</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
 Statement of Revenues, Expenses, and Changes in Fund Net Position - Cash Basis
 Enterprise Funds
 For the Year Ended December 31, 2024

	Sanitary Sewer	Other Enterprise	Total
<u>Operating Revenues</u>			
Charges for Services	\$1,938,461	\$1,370,300	\$3,308,761
Lease	8,520	0	8,520
Donations	0	1,750	1,750
Other	24,119	3,352	27,471
Total Operating Revenues	1,971,100	1,375,402	3,346,502
<u>Operating Expenses</u>			
Personal Services	652,888	217,501	870,389
Contractual Services	924,808	676,163	1,600,971
Materials and Supplies	125,151	259,785	384,936
Debt Service			
Principal Retirement	354,463	52,638	407,101
Total Operating Expenses	2,057,310	1,206,087	3,263,397
Operating Income (Loss)	(86,210)	169,315	83,105
<u>Non-Operating Revenues (Expenses)</u>			
Grants	0	40,022	40,022
Interest Expense	(15,533)	(10,383)	(25,916)
Total Non-Operating Revenues (Expenses)	(15,533)	29,639	14,106
Income (Loss) Before Advances	(101,743)	198,954	97,211
Advances In	2,889	1,240	4,129
Advances Out	(14,589)	(1,240)	(15,829)
Changes in Net Position	(113,443)	198,954	85,511
Net Position at Beginning of Year	2,655,635	2,901,661	5,557,296
Net Position at End of Year	\$2,542,192	\$3,100,615	\$5,642,807

See Accompanying Notes to the Basic Financial Statements

Mercer County
 Statement of Cash Flows
 Enterprise Funds
 For the Year Ended December 31, 2024

	Sanitary Sewer	Other Enterprise	Total
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$1,938,461	\$1,370,300	\$3,308,761
Cash Received from Leases	8,520	0	8,520
Cash Received from Other Revenues	24,119	3,352	27,471
Cash Payments for Personal Services	(652,888)	(217,501)	(870,389)
Cash Payments for Contractual Services	(924,808)	(676,163)	(1,600,971)
Cash Payments for Supplies	(125,151)	(259,785)	(384,936)
 Net Cash Provided by Operating Activities	 268,253	 220,203	 488,456
<u>Cash Flows from Noncapital Financing Activities</u>			
Cash Received from Grants	0	40,022	40,022
Cash Received from Donations	0	1,750	1,750
Cash Received from Advances In	2,889	1,240	4,129
Cash Payments for Advances Out	(14,589)	(1,240)	(15,829)
 Net Cash Provided by (Used for) Noncapital Financing Activities	 (11,700)	 41,772	 30,072
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on OPWC Loans	(32,500)	0	(32,500)
Principal Paid on OWDA Loans	(321,963)	(52,638)	(374,601)
Interest Paid on OWDA Loans	(15,533)	(10,383)	(25,916)
 Net Cash Used for Capital and Related Financing Activities	 (369,996)	 (63,021)	 (433,017)
 Net Increase (Decrease) in Cash and Cash Equivalents	 (113,443)	 198,954	 85,511
 Cash and Cash Equivalents at Beginning of Year	 2,655,635	 2,901,661	 5,557,296
 Cash and Cash Equivalents at End of Year	 \$2,542,192	 \$3,100,615	 \$5,642,807

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Cash Basis Fiduciary Net Position
Custodial Funds
December 31, 2024

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,686,882
Cash and Cash Equivalents in Segregated Accounts	<u>5,618,251</u>
 Total Assets	 <u>\$16,305,133</u>
<u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u>\$16,305,133</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County, Ohio
 Statement of Change in Fiduciary Net Position - Cash Basis
 Custodial Funds
 For the Year Ended December 31, 2024

Additions

Intergovernmental Amounts for Other Governments	\$6,777,100
Amounts Received as Fiscal Agent	20,925,623
Licenses, Permits, and Fees for Other Governments	8,537,290
Fines and Forfeitures for Other Governments	388,133
Property Tax Collections for Other Governments	55,313,669
Sheriff Sales Collections for Others	172,843
Other	<u>64,457</u>

Total Additions

92,179,115

Deductions

Distributions to the State of Ohio	211,726
Distributions of State Funds to Other Governments	2,532,623
Distributions to Other Governments	73,607
Distributions as Fiscal Agent	16,139,492
Licenses, Permits, and Fees Distributions to Other Governments	8,517,708
Fines and Forfeitures Distributions to Other Governments	460,543
Property Tax Distributions to Other Governments	59,034,103
Sheriff Sales Distributions to Others	<u>172,843</u>

Total Deductions

87,142,645

Net Increase in Fiduciary Net Position

5,036,470

Net Position Beginning of Year

11,268,663

Net Position End of Year

\$16,305,133

See Accompanying Notes to the Basic Financial Statements

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 1 - Reporting Entity

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

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

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Mercer County in 2024.

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 1 - Reporting Entity (continued)

The County participates in four jointly governed organizations, three insurance pools, and two related organizations. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements. These organizations are:

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

Note 2 - Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

Proprietary Funds

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

Fiduciary Funds

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

E. Cash and Investments

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

Cash and cash equivalents that are held separately within departments of the County and not held by the County Treasurer are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

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

During 2024, the County invested in negotiable and nonnegotiable certificates of deposit, federal agency securities, U.S. Treasury securities, municipal securities, corporate securities, mutual funds, and STAR Ohio. Investments are reported at cost or at fair value for mutual funds and net value per share for STAR Ohio.

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant’s accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Investment Earnings/Interest receipts credited to the General Fund during 2024 were \$1,719,573 which includes \$1,435,627 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

F. Restricted Assets

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

G. Capital Assets

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

H. Compensated Absences

For 2024, GASB Statement No. 101, *Compensated Absences*, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The County does not offer noncash settlements.

County employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the County's cash basis of accounting.

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. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments and financed purchase payments are reported when paid.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 2 - Summary of Significant Accounting Policies (continued)

J. Leases and SBITAs

The County is the lessor/lessee (as defined by GASB 87) in various leases related to buildings, office space, land, and other equipment under noncancelable leases. Lease receivables/payables are not reflected under the County's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The County has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software. Subscription assets/liabilities are not reflected under the County's cash basis of accounting. Subscription disbursements are recognized when they are paid.

K. 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.

L. Fund Balance

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

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

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 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. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2025 budget along with amounts for auto title administration, economic development, building maintenance, flood damage, document recording, 4-H camp improvements, sheriff operations and other miscellaneous purposes.

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

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

M. Operating Receipts and Disbursements

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

N. Internal Activity

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

O. Pension/Other Postemployment Benefits

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

P. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. Subsequently, settlements have been reached with other distributors. For 2024, distributions of \$137,130 are reflected as fines, forfeitures and settlements revenue in the OneOhio Opioid special revenue fund in the accompanying financial statements. Settlement monies are not reflected as a receivable under the County's cash basis of accounting.

Q. New Accounting Pronouncements

For 2024, GASB Statement No. 100, *Accounting Changes and Error Corrections* was effective. This GASB pronouncement had no effect on beginning net position/fund balance as the County had no accounting changes or error corrections related to 2024. See the *Compensated Absences* section of Note 2 for discussion of the implementation of GASB Statement No. 101, *Compensated Absences*.

Note 3 - Compliance

For the year ended December 31, 2024, the Marriage License and the Local Fiscal Recovery special revenue funds had final appropriations in excess of estimated resources plus available balances, in the amounts of \$1,359, and \$14,472, respectively. The County will review appropriations to ensure they are within amounts available.

For the year ended December 31, 2024, the Treasurer Department within the General Government - Legislative and Executive program of the General Fund had expenditures plus encumbrances in excess of appropriations at the legal level of budgetary control, in the amount of \$53,535. The County will review budgetary activity to ensure that expenditures are within amounts appropriated.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund, and the Motor Vehicle, Developmental Disabilities, Adult Detention Facility, and Local Fiscal Recovery special revenues funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General Fund, Motor Vehicle Fund, Developmental Disabilities Fund, Adult Detention Facility Fund, and Local Fiscal Recovery Fund were \$685,560, \$2,249,959, \$32,554, \$182,257, and \$557,449 respectively.

Note 5 - Deposits and Investments

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts in eligible institutions pursuant to Ohio Revised Code Section 135.32;

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 5 - Deposits and Investments (continued)

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in division (1) or (2) above; commercial paper as described in Ohio Revised Code Section 135.143(A)(6); and repurchase agreements secured by such obligations provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio in either of the following if training requirements have been met:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, which mature within two hundred seventy days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate of 5 percent of interim monies available for investment at the time of purchase;
 - b. bankers acceptances that are insured by the federal deposit insurance corporation and which mature not later than one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit provided certain conditions are met related to a County land reutilization corporation organized under Ohio Revised Code Chapter 1724; and,
12. Up to 2 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, all investments must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that they will be held to maturity.

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 5 - Deposits and Investments (continued)

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

Investments

As of December 31, 2024, the County had the following investments:

Investment	Measurement Amount	Maturity			
		Up to Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Cost					
Negotiable Certificates of Deposit	\$1,363,768	\$223,304	\$0	\$247,755	\$892,709
Federal Agricultural Mortgage Corporation Notes	854,985	0	0	0	854,985
Federal Farm Credit Bank Notes	6,141,937	0	0	1,820,614	4,321,323
Federal Home Loan Bank Notes	4,694,854	0	0	2,199,899	2,494,955
Federal Home Loan Mortgage Corporate Notes	250,000	0	250,000	0	0
Federal National Mortgage Association Notes	850,980	0	694,447	0	156,533
U.S. Treasury Notes/Bonds	18,416,303	1,128,049	494,170	2,774,333	14,019,751
Municipal Securities	1,178,817	0	660,000	18,817	500,000
Corporate Securities	697,052	0	0	0	697,052
Fair Value					
Mutual Funds	9,307	9,307	0	0	0
Net Value Per Share					
STAR Ohio	10,762,494	10,762,494	0	0	0
Total Investments	\$45,220,497	\$12,123,154	\$2,098,617	\$7,061,418	\$23,937,308

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.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 5 - Deposits and Investments (continued)

The negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Agricultural Mortgage Corporation Notes are not rated. The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, U.S. Treasury Notes/Bonds, and mutual fund carry a rating of Aaa by Moody's. For municipal securities, \$500,000 is rated Aaa, \$60,000 is rated Aa2, and \$600,000 is rated Aa3 by Moody's, and the remainder is not rated. The corporate securities are rated Aaa by Moody's. STAR Ohio carries a rating of AAAm by Standards and Poor's. The County has no policy regarding interest rate or credit risk beyond the requirements of State statute. Ohio law requires mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. STAR Ohio must maintain the highest rating provided by at least one nationally recognized statistical rating organization.

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.

Investment	Cost Value	Percentage of Portfolio
Negotiable Certificates of Deposit	1,363,768	3.02%
Federal Agricultural Mortgage Corporation Notes	854,985	1.89
Federal Farm Credit Bank Notes	6,141,937	13.58
Federal Home Loan Bank Notes	4,694,854	10.38
Federal Home Loan Mortgage Corporation Notes	250,000	0.55
Federal National Mortgage Corporation Notes	850,980	1.88
U.S. Treasury Notes/Bonds	18,416,303	40.73
Municipal Securities	1,178,817	2.61
Corporate Securities	697,052	1.54
Mutual Funds	9,307	0.02

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2024 for real and public utility property taxes represents collections of 2023 taxes.

2024 real property taxes are levied after October 1, 2024, on the assessed value as of January 1, 2024, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2024 real property taxes are collected in and intended to finance 2025.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes which became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 6 - Property Taxes (continued)

The full tax rate for all County operations for the year ended December 31, 2024, was \$10.96 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2024 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$1,551,203,910
Commercial/Industrial/Mineral	129,696,410
Public Utility Property	
Real	213,280
Personal	<u>37,330,630</u>
Total Assessed Value	<u><u>\$1,718,444,230</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the County. The County Auditor periodically remits to the County its portion of the taxes collected.

Note 7 - Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. On November 6, 2007, the voters approved a .5 percent fifteen-year sales tax to construct a new adult detention facility. The last year of collection was 2022. On November 8, 2022, the voters approved the continuation of a .5 percent sales tax for adult detention services for ten years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is to be made within five days of the certification.

Note 8 - Transfers and Interfund Balances

Transfers

During 2024 the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds	Motor Vehicle	Other Nonmajor Governmental	
	General			
Major Funds:				
Adult Detention Facility	\$1,050,923	\$0	\$0	\$1,050,923
Other Nonmajor				
Governmental Funds	263,501	524,339	32,045	819,885
Total all Funds	<u><u>\$1,314,424</u></u>	<u><u>\$524,339</u></u>	<u><u>\$32,045</u></u>	<u><u>\$1,870,808</u></u>

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 8 - Transfers and Interfund Balances (continued)

During 2024, transfers were made from the General Fund to the Adult Detention Facility special revenue fund and to other governmental funds to subsidize operations in those funds and to make debt payments as they came due. The Motor Vehicle special revenue fund made transfers to other governmental funds to make debt payments as they came due. Other governmental funds made transfers to other governmental funds to make debt payments when they came due.

Interfund Balances

During 2024, the County made a number of cash advances to various funds. As of December 31, 2024, \$2,593,226 of the advances had not been repaid. Cash advances are generally made to provide working capital for operations or projects or to provide cash flow resources. Advances expected to be repaid within one year to the General Fund from the other governmental funds and the Sanitary Sewer enterprise fund are \$2,531,384 and \$8,650, respectively.

Note 9 - Risk Management

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2024, the County contracted with the Midwest Pool Risk Management Agency, Inc. for insurance coverage.

Coverage provided was as follows:

General Liability	\$2,000,000
Automobile Liability	2,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	2,000,000
Excess Liability	5,000,000
Building and Contents	131,041,950
Earthquake	36,000,000
Flood	36,000,000
Comprehensive Boiler and Machinery	500,000,000

There has been no significant reduction in insurance coverage from 2023 and settled claims have not exceeded insurance coverages in the past three years.

For 2024, the County participated in the Midwest Pool Risk Management Agency, Inc. (Pool), a risk sharing insurance program, with five counties participating in the Pool. Each participant pays annual premiums to the Pool based on the types of coverage selected.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 9 - Risk Management (continued)

B. Workers' Compensation

For 2024, 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.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 10 - Significant Contractual Commitments

The County had the following contractual commitments outstanding as of December 31, 2024:

Contractor	Purpose	Commitment
Braun Excavating	Philothea Road Reconstruction	\$19,637
Braun Excavating	St. Peter Road	816,123
Degen Excavating Company	Wagmer Sanitary Sewer System Improvements	169,486
Gerding Contracting Company	Schwieterman, Baldauf Shelley Rod Ditch	39,533
Gerding Contracting Company	Bomholt Hayes Tile Project	378,176
Jerome Martens	Palmer Road Bridge	15,000
Joe & Joe Contracting, LLC	Woodview Road Tile Replacement Project	76,400
Jutte Excavating, Inc.	Palmer Road Bridge	923,994
Kahlig Dozing & Excavating, Inc.	Green Ditch Project	26,281
Kalida Truck Equipment	SS Dump Body and Hydraulic System	98,800
Keith C. Heindel	CHIP Rehab	34,750
Luginbill Construction, Inc.	Sheriff Storage Building	44,098
Post Excavating	Building Demolition	74,500
Rush Truck Center	2023 International Cab and Chassis	117,500
Rush Truck Center	2025 International Cab and Chassis	120,631
Tom's Construction	Reconstruction	50,821
VTF Excavation, LLC	Chickasaw Creek Wetland Restoration	436,572
VTF Excavation, LLC	Northshore Greenspace & Rosenbeck Nature Preserve	80,469
Westerheide Construction Company	Mercer County Ag Service Center	57,340

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2024 are as follows:

General Fund	\$685,560
Motor Vehicle	2,249,959
Developmental Disabilities	32,554
Adult Detention Facility	182,257
Local Fiscal Recovery	577,449
Other Governmental Funds	<u>1,719,690</u>
Total	<u>\$5,447,469</u>

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset) /Net OPEB Asset

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

	State and Local			
	Traditional	Combined	Public Safety	Law Enforcement
2024 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2024 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	2.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2024, the County's contractually required contribution was \$2,396,742 for the traditional plan, \$57,548 for the combined plan and \$47,810 for the member-directed plan.

Pension Liability (Asset)

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the County's defined benefit pension plans:

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

	OPERS Traditional Plan	OPERS Combined Plan	<u>Total</u>
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.08704128%	0.10205262%	
Prior Measurement Date	<u>0.09828864%</u>	<u>0.11265308%</u>	
Change in Proportionate Share	<u>-0.01124736%</u>	<u>-0.01060046%</u>	
Proportionate Share of the:			
Net Pension Liability	\$22,787,764	\$0	\$22,787,764
Net Pension Asset	0	313,691	313,691

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.3 percent, simple through 2024, then 2.05 percent, simple	2.3 percent, simple through 2024, then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u><u>100.00%</u></u>	

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.9 percent for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

County's proportionate share of the net pension liability (asset)	Current		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
OPERS Traditional Plan	\$35,874,064	\$22,787,764	\$11,903,765
OPERS Combined Plan	(189,818)	(313,691)	(411,272)

Note 12 - Defined Benefit OPEB Plan

See Note 11 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined, and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 12 - Defined Benefit OPEB Plan (continued)

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 12 - Defined Benefit OPEB Plan (continued)

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 12 - Defined Benefit OPEB Plan (continued)

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$19,124 for 2024.

OPEB Asset

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB asset was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportion of the Net OPEB Liability/Asset:	
Current Measurement Date	0.08599008%
Prior Measurement Date	<u>0.09736320%</u>
Change in Proportionate Share	<u>-0.01137312%</u>
Proportionate Share of the:	
Net OPEB Asset	\$776,081

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 12 - Defined Benefit OPEB Plan (continued)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.70 percent
Prior Year Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.77 percent
Prior Year Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2038
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

Mercer County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2024

Note 12 - Defined Benefit OPEB Plan (continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00%</u>	

Discount Rate - A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. (Fidelity Index's "20-Year Municipal GO AA Index") The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 5.70 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.70 percent) or one-percentage-point higher (6.70 percent) than the current rate:

Mercer County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2024

Note 12 - Defined Benefit OPEB Plan (continued)

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
County's proportionate share of the net OPEB liability (asset)	\$426,511	(\$776,081)	(\$1,772,256)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	\$808,307	\$776,081	\$739,515

Note 13 - Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service. Currently, employees are not permitted to accrue or carry over more than the equivalent of three year's vacation leave. All accumulated unused vacation time is paid upon separation from the County. County employees, depending on hire date, are paid for 25 or 50 percent of accumulated unused sick leave upon retirement at the rate of pay in effect at the time of retirement.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 14 - Debt

The County's long-term debt activity for the year ended December 31, 2024, was as follows:

	Interest Rate	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
Governmental Activities						
Bond Anticipation Notes from Direct Borrowing						
2021 Ditch Improvement	1.15%	\$667,700	\$0	\$667,700	\$0	\$0
2024 Ditch Improvement	4.27	0	1,544,500	0	1,544,500	70,000
Total Notes		<u>667,700</u>	<u>1,544,500</u>	<u>667,700</u>	<u>1,544,500</u>	<u>70,000</u>
Revenue Bonds from Direct Placement						
2020 Industrial Park Revenue Bonds						
(Original Amount \$1,659,380)	2.5	1,272,000	0	42,000	1,230,000	0
2021 Industrial Park Revenue Bonds						
(Original Amount \$360,000)	0.0	288,000	0	36,000	252,000	36,000
Total Bonds		<u>1,560,000</u>	<u>0</u>	<u>78,000</u>	<u>1,482,000</u>	<u>36,000</u>
OPWC Loans from Direct Borrowings						
2002 Home Waterline Improvement	0.00	2,000	0	2,000	0	0
(Original Amount \$80,000)						
2002 Five Bridge Replacement	0.00	1,500	0	1,500	0	0
(Original Amount \$60,000)						
2005 Six Bridge Repair	0.00	6,023	0	3,011	3,012	3,012
(Original Amount \$60,225)						
2007 Bridge Replacement	0.00	34,451	0	6,890	27,561	6,890
(Original Amount \$137,801)						
2009 Carthagena Road	0.00	97,500	0	15,000	82,500	15,000
(Original Amount \$300,000)						
2009 Bridge Replacement	0.00	47,249	0	7,875	39,374	7,875
(Original Amount \$157,500)						
2010 Bridge Replacement	0.00	49,875	0	7,125	42,750	7,125
(Original Amount \$142,500)						
2011 County Road 30B Improvement	0.00	29,700	0	3,712	25,988	3,712
(Original Amount \$74,250)						
2011 County Road 23 Improvement	0.00	32,206	0	3,579	28,627	3,579
(Original Amount \$71,572)						
2013 Bridge Replacement	0.00	134,882	0	11,729	123,153	11,729
(Original Amount \$234,578)						
2015 County Road 81 and 170 Road Improvements	0.00	131,044	0	10,484	120,560	10,484
(Original Amount \$234,578)						

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 14 - Debt (continued)

	Interest Rate	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
<u>Governmental Activities (continued)</u>						
OPWC Loans from Direct Borrowings (continued)						
Widening and Resurfacing (Original Amount \$300,000)	0.00%	\$245,000	\$0	\$10,000	\$235,000	\$10,000
County Road 21b/Wabash Road (Original Amount \$300,000)	0.00	265,000	0	10,000	255,000	10,000
Depweg Road, St. Anthony, and Oregon Street Improvements (Original Amount \$545,000)	0.00	508,666	0	18,167	490,499	18,167
Mer 31A/C72/C151B (Original Amount \$458,016)	0.00	442,749	0	15,267	427,482	15,267
Mer C70/C145A/C161/C163 (Original Amount \$500,000)	0.00	36,927	443,437	0	480,364	0
Total OPWC Loans from Direct Borrowings		2,064,772	443,437	126,339	2,381,870	122,840
LGIF Loans Payable from Direct Borrowings	0.00	900,000	0	400,000	500,000	400,000
Midwest Electric Loan from Direct Borrowings	0.00	98,406	0	16,401	82,005	16,401
Financed Purchases Payable from Direct Borrowings	3.67	149,406	0	48,018	101,388	49,780
Total Governmental Activities		<u>\$5,440,284</u>	<u>\$1,987,937</u>	<u>\$1,336,458</u>	<u>\$6,091,763</u>	<u>\$695,021</u>

Business-Type Activities

OPWC Loan from Direct Borrowings 2019 Carthagena Sanitary Sewer System (Original Amount \$975,000)	0.00%	\$861,250	\$0	\$32,500	\$828,750	\$32,500
OWDA Loans from Direct Borrowings 2005 Lake Acres (Original Amount \$248,037)	2.75	18,641	0	18,641	0	0

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 14 - Debt (continued)

	Interest Rate	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
<u>Business-Type Activities</u>						
OWDA Loans from Direct Borrowings (continued)						
East Jefferson Phase 3 Sewers (Original Amount \$1,091,575)	0.00%	\$409,338	\$0	\$54,579	\$354,759	\$54,579
West Jefferson Township Sewer (Original Amount \$1,214,964)	0.00	303,744	0	60,749	242,995	60,749
Marion Township Sewer (Original Amount \$2,254,469)	1.00	898,531	0	115,955	782,576	117,118
Carthage Sanitary Sewer System (Original Amount \$448,014)	0.91	388,278	0	14,934	373,344	14,934
MCI Lagoon (Original Amount \$1,121,386)	1.00	504,039	0	57,105	446,934	57,677
East Jefferson Water Line (Original Amount \$1,107,150)	0.91	857,961	0	34,526	823,435	34,841
Harbor Point Waterline Replacement (Original Amount \$380,438)	0.76	309,540	0	18,112	291,428	18,270
Total OWDA Loans from Direct Borrowings		<u>3,690,072</u>	<u>0</u>	<u>374,601</u>	<u>3,315,471</u>	<u>358,168</u>
Ohio Water and Sewer Loans from Direct Borrowings						
1991 Sandy Beach Area Sewer District (Original Amount \$42,822)	0.00	42,822	0	0	42,822	0
1992 Southwest Sewer (Original Amount \$269,223)	0.00	269,223	0	0	269,223	0
2001 Rotary SR 269 Sewer (Original Amount \$110,167)	0.00	88,673	0	0	88,673	0
Total Ohio Water and Sewer Loans from Direct Borrowings		<u>400,718</u>	<u>0</u>	<u>0</u>	<u>400,718</u>	<u>0</u>
Total Business-Type Activities		<u><u>\$4,952,040</u></u>	<u><u>\$0</u></u>	<u><u>\$407,101</u></u>	<u><u>\$4,544,939</u></u>	<u><u>\$390,668</u></u>

Bond Anticipation Notes

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

The 2024 ditch improvement notes were issued to retire short-term bond anticipation notes previously issued for Faller Hecht Tile, Ganser Weitz Tile, Camedawn Smallery Tile, and Utgard Kohnene 127 Tile and for additional improvement to the CAPT Braun Havemann Road Tile, Vantilburg Stose Road Tile, Woodview Ditch, and Schwieterman Bauldauf Shelley Tile. The bond anticipation notes were issued August 1, 2024 and will mature on July 31, 2026.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 14 - Debt (continued)

Revenue Bonds

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

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

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

OPWC Loans

OPWC loans consist of monies owed to the Ohio Public Works Commission for the improvement and replacement of the County's infrastructure. OPWC loans are payable from the governmental debt service funds and from the gross revenues of the enterprise funds. The revenues of the Motor Vehicle special revenue fund are pledged to repay the governmental OPWC loans. Total principal remaining on the governmental related loans is \$2,381,870, payable through January 2053. The County issued an OPWC loan during 2024. 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 \$828,750, payable through July 2050. For the current year, principal paid was \$32,500. For 2024, the Sanitary Sewer enterprise fund had an operating loss of \$86,210.

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. Total principal and interest remaining on the completed OWDA loan projects is \$3,315,471 and \$150,856, respectively, payable through July 2049. For the current year, principal and interest paid from the Sanitary Sewer enterprise fund was \$321,963 and \$15,533, respectively and from the Water enterprise fund was \$52,638 and \$10,383, respectively. For 2024, the Sanitary Sewer enterprise fund had an operating loss of \$86,210 and the Water enterprise fund had an operating income of \$89,251.

LGIF Loans

The County obtained eight interest free loans from the Local Government Innovative Fund program for a new engineer facility. The loans will be paid the LGIF-8 Eng Facility Bond debt service fund with gross revenues of the Motor Vehicle special revenue fund. Total principal remaining on the loans is \$500,000, payable through January 31, 2026.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 14 - Debt (continued)

Midwest Electric Loan

The County entered into a loan with Midwest Electric Inc. to promote economic development within the County. The interest free loan was issued for a ten-year period with final maturity in 2029. The loan is being retired through the Midwest Electric Inc. debt service fund.

Ohio Water and Sewer Loans

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

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

Financed Purchases

The County entered into financed purchases for equipment where ownership of the underlying asset transfers to the County by the end of the contract.

On December 31, 2024, the County's overall debt margin was \$41,461,106 with an unvoted debt margin of \$17,184,442.

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

Year	From Direct Borrowing
	Bond
	Anticipation Note
2025	\$70,000
2026	1,474,500
	\$1,544,500

OPWC loan MerC70/145A/C161/C163 for a roadway extension has not been completed. The amortization schedule for the repayment of this loan will not be available until the project is complete and therefore, is not included in the following schedule.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 14 - Debt (continued)

Year	From Direct Borrowings					
	Revenue Bonds	OPWC Loans	LGIF Loans	Midwest Electric Loan	Financed Purchases	
	Principal	Principal	Principal	Principal	Principal	Interest
2025	\$36,000	\$122,840	\$400,000	\$16,401	\$49,780	\$3,721
2026	36,000	119,828	100,000	16,401	51,608	1,893
2027	36,000	119,826	0	16,401	0	0
2028	36,000	119,830	0	16,401	0	0
2029	36,000	112,936	0	16,401	0	0
2030-2034	72,000	411,017	0	0	0	0
2035-2039	0	288,759	0	0	0	0
2040-2044	0	267,169	0	0	0	0
2045-2049	0	252,170	0	0	0	0
2050-2053	0	87,131	0	0	0	0
Total	\$252,000	\$1,901,506	\$500,000	\$82,005	\$101,388	\$5,614

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

Year	From Direct Borrowings		
	OPWC Loans	OWDA Loans	
	Principal	Principal	Interest
2025	\$32,500	\$358,168	\$21,770
2026	32,500	360,398	19,538
2027	32,500	362,646	17,289
2028	32,500	364,922	15,015
2029	32,500	306,469	12,720
2030-2034	162,500	777,096	36,526
2035-2039	162,500	370,329	19,445
2040-2044	162,500	277,965	7,980
2045-2049	162,500	137,478	573
2050-2053	16,250	0	0
Total	\$828,750	\$3,315,471	\$150,856

Conduit Debt Obligations

To further economic development in the County, the County has issued bonds that provide capital financing to private-sector entities for the acquisition and construction of industrial and commercial facilities. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the County for any of those bonds. On December 31, 2024, the bonds have an aggregate outstanding principal amount payable of \$4,601,971.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 15 - Fund Balance

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

Fund Balance	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
Nonspendable for:				
Unclaimed Monies	<u>\$218,078</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Restricted for:				
Board of Developmental Disabilities Operations	0	0	12,778,203	0
Road and Bridge Repair/ Improvement	0	985,618	0	0
Sheriff Operations	<u>7,099</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted	<u>7,099</u>	<u>985,618</u>	<u>12,778,203</u>	<u>0</u>
Committed to:				
Adult Detention Facility Operations	0	0	0	7,836,268
Assigned for:				
4-H Camp Improvements	58,979	0	0	0
Building Maintenance	14,560	0	0	0
Document Recording	138,716	0	0	0
Economic Development/ Rehabilitation	551,584	0	0	0
Flood Damage	8,859	0	0	0
Parent Education	890	0	0	0
Projected Budget Shortage	2,056,623	0	0	0
Sheriff Operations	17,186	0	0	0
Title Administration	397,155	0	0	0
Unpaid Obligations	<u>591,429</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assigned	<u>3,835,981</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>4,634,311</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u><u>\$8,695,469</u></u>	<u><u>\$985,618</u></u>	<u><u>\$12,778,203</u></u>	<u><u>\$7,836,268</u></u>

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 15 - Fund Balance (continued)

Fund Balance	Local Fiscal Recovery	Other Governmental	Total
Nonspendable for:			
Unclaimed Monies	\$0	\$0	\$218,078
Restricted for:			
Airport Improvements	0	170,703	170,703
American Rescue Plan	577,449	0	577,449
Board of Developmental Disabilities Operations	0	0	12,778,203
Board of Elections	0	4	4
Child Support Enforcement	0	293,966	293,966
County Home	0	656,114	656,114
Court Operations	0	848,919	848,919
Crime Victim Assistance	0	17,160	17,160
Debt Retirement	0	127,787	127,787
Delinquent Tax Collections	0	98,555	98,555
Ditch Maintenance	0	1,257,764	1,257,764
Dog and Kennel Operations	0	17,130	17,130
Drug Addiction Services	0	202,145	202,145
Economic Development/ Rehabilitation	0	636,557	636,557
Environmental Restoration	0	62,685	62,685
Emergency Management Agency	0	33,949	33,949
Industrial Park Improvements	0	1	1
Job and Family Services Operations	0	3,245,899	3,245,899
Juvenile Corrections	0	228,294	228,294
Law Library	0	130,155	130,155
Mental Illness Training	0	5,929	5,929
Park Maintenance	0	168,797	168,797
Real Estate Assessment	0	1,021,310	1,021,310
Road and Bridge Repair/ Improvement	0	0	985,618
Sheriff Operations	0	1,138,414	1,145,513
Total Restricted	577,449	10,362,237	24,710,606
Committed to:			
Adult Detention Facility Operations	0	0	7,836,268
Ag Center	0	279,067	279,067
Sheriff Operations	0	193,069	193,069
Total Committed	0	472,136	8,308,404

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 15 - Fund Balance (continued)

Fund Balance	Local Fiscal Recovery	Other Governmental	Total
Assigned for:			
4-H Camp Improvements	\$0	\$0	\$58,979
Building Maintenance	0	0	14,560
Capital Improvements	0	1,280,000	1,280,000
Debt Retirement	0	39	39
Document Recording	0	0	138,716
Economic Development/ Rehabilitation	0	0	551,584
Flood Damage	0	0	8,859
Parent Education	0	0	890
Projected Budget Shortage	0	0	2,056,623
Sheriff Operations	0	0	17,186
Title Administration	0	0	397,155
Unpaid Obligations	0	0	591,429
Total Assigned	0	1,280,039	5,116,020
Unassigned (Deficit)	0	0	4,634,311
Total Fund Balance	\$577,449	\$12,114,412	\$42,987,419

Note 16 - 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 2024, 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.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 16 - Jointly Governed Organizations (continued)

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 2024, a tax levy provided \$807,584 for the operations of the organization. Financial information can be obtained from the Mercer County Auditor, 101 North Main Street, Room 105, Celina, Ohio 45822-1794.

C. West Central Ohio Network

The West Central Ohio Network (West CON) is a regional council of governments comprised of the boards of Developmental Disabilities (DD) of Auglaize, Champaign, Darke, Logan, Mercer, Miami, Preble, Sandusky, Shelby, Union, Wyandot, and Hardin Counties. The Board of Directors is made up of the superintendents from each of these DD Boards. West CON is the administrator of supported living programs for each of these Boards of DD. The degree of control exercised by any participating government is limited to its representation on the Board. Financial information can be obtained from the West Central Ohio Network, 1200 Childrens Home Road, Sidney, Ohio 45365.

D. Grand Lake Saint Marys Lake Facilities Authority

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 17 - Insurance Pools

A. County Commissioners Association of Ohio Service Corporation

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

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

B. Midwest Pool Risk Management Agency, Inc.

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

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

C. Midwest Employee Benefit Consortium

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 18 - Related Organizations

A. Mercer County District Library

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

B. Lakefield Airport Authority

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2024, this allocation was \$30,000.

Note 19 - 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.

MERCER COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-2425-11-6172	10.561	\$ 158,558
Total SNAP Cluster			<u>158,558</u>
<i>(Passed through the Great Lakes Commission)</i>			
Soil and Water Conservation	GLSNRP 13-05	10.902	105,153
Total U.S. Department of Agriculture			<u>263,711</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-F-23-1BX-1 B-D-21-1BX-1 B-X-22-1BX-1 B-C-23-1BX-1	14.228 14.228 14.228 14.228	17,275 144,729 494,791 <u>198,250</u> 855,045
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Home Investment Partnerships Program	B-C-23-1BX-2	14.239	308,852
Total U.S. Department of Housing and Urban Development			<u>1,163,897</u>
U.S. DEPARTMENT OF JUSTICE			
<i>(Passed through Ohio Attorney General's Office)</i>			
Crime Victim Assistance	2025-VOCA-135109143 2024-VOCA-135109143	16.575 16.575	12,624 4,354 <u>16,978</u>
Total Crime Victim Assistance			
Total U.S. Department of Justice			<u>16,978</u>
U.S. DEPARTMENT OF LABOR			
<i>(Passed through Ohio Department of Job & Family Services)</i>			
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	G-2425-15-0177	17.207	14,350
Total Employment Service Cluster			<u>14,350</u>
Trade Adjustment Assistance	G-2425-15-0177	17.245	<u>1,749</u>
WIOA Cluster:			
WIOA Adult Program	G-2425-15-0177	17.258	134,115
WIOA Youth Activities	G-2425-15-0177	17.259	43,569
WIOA Dislocated Worker Formula Grants	G-2425-15-0177	17.278	56,287
Total WIOA Cluster			<u>233,971</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	G-2425-15-0177	17.277	20,243
Total U.S. Department of Labor			<u>270,313</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	PID #109306 PID #114083 PID #117351 PID #117990 PID #119915 PID #120851	20.205 20.205 20.205 20.205 20.205 20.205	749,179 100,000 865,000 64,989 6,300 <u>20,000</u> 1,805,468
Total Highway Planning and Construction			
<i>(Passed through Ohio Department of Public Safety)</i>			
Highway Safety Cluster:			
State and Community Highway Safety	STEP-2024-MCSheriffsO-00035	20.600	36,173
Total Highway Safety Cluster			<u>36,173</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2023-MCSheriffs O-00035	20.608	3,678
Total U.S. Department of Transportation			<u>1,845,319</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>COVID-19 Coronavirus State and Local Fiscal Recovery Funds</i>			
Total U.S. Department of the Treasury	N/A	21.027	2,211,150
			<u>2,211,150</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>(Passed through the Ohio Environmental Agency)</i>			
Nonpoint Source Implementation Grants	16(h) EPA-45/22(h) EPA-11	66.460	41,338
Geographic Programs - Great Lakes Restoration Initiative	MERCSWCD-FDDTCH23	66.469	89,152
Total U.S. Environmental Protection Agency			<u>\$ 130,490</u>
			(continued)

MERCER COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Special Education - Grants for Infants and Families	H181A220024	84.181	\$ 80,410
	H181A230024	84.181	<u>104,082</u>
Total Special Education - Grants for Infants and Families			<u>184,492</u>
Total U.S Department of Education			<u>184,492</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Passed through Ohio Department of Job & Family Services)</i>			
Title IV-E Prevention Program	G-2425-11-6172	93.472	39,383
MaryLee Allen Promoting Safe and Stable Families Program	G-2425-11-6172	93.556	45,832
Temporary Assistance for Needy Families	G-2425-11-6172	93.558	643,046
Child Support Services	G-2425-11-6172	93.563	665,217
CCDF Cluster:			
Child Care and Development Block Grant	G-2425-11-6172	93.575	<u>35,140</u>
Total CCDF Cluster			<u>35,140</u>
Grants to States for Access and Visitation Programs	G-2425-11-6172	93.597	53,112
Stephanie Tubbs Jones Child Welfare Services Program	G-2425-11-6172	93.645	6,936
Foster Care Title IV-E	G-2425-11-6172	93.658	202,487
Adoption Assistance	G-2425-11-6172	93.659	267,256
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Social Services Block Grant	2101OHSOSR	93.667	22,427
<i>(Passed through Ohio Department of Job & Family Services)</i>			
Social Services Block Grant	G-2425-11-6172	93.667	<u>354,880</u>
Total Social Services Block Grant			<u>377,307</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	G-2425-11-6172	93.674	25,325
Elder Abuse Prevention Interventions Program	G-2425-11-6172	93.747	4,950
Children's Health Insurance Program	G-2425-11-6172	93.767	76,175
Medicaid Cluster:			
Medical Assistance Program	G-2425-11-6172	93.778	<u>225,919</u>
Total Medicaid Cluster			<u>225,919</u>
Total U.S. Department of Health and Human Services			<u>2,668,085</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Emergency Management Performance Grants	EMC-2022-EP-00006	97.042	21,292
	EMC-2023-EP-00003	97.042	<u>56,061</u>
Total Emergency Management Performance Grants			<u>77,353</u>
Total U.S. Department of Homeland Security			<u>77,353</u>
Total Expenditures of Federal Awards			\$ 8,831,788

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

MERCER COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mercer County (the County) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. These loans are collateralized by mortgages on the property and by UCC's on machinery and equipment. The current balance as of December 31, 2024 was \$563,906.

NOTE E – MATCHING REQUIREMENTS

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mercer County, Ohio
Board of County Commissioners
101 North Main Street
Celina, OH 45822

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, Ohio (the County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2025, wherein we noted the County reported on the cash basis of accounting.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

The County's Response to Finding

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mercer County, Ohio
Board of County Commissioners
101 North Main Street
Celina, OH 45822

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mercer County, Ohio's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2024. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2025

Mercer County, Ohio
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
ALN 20.205 – Highway Planning and Construction	
ALN 21.027 – COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding Number 2024-001: Not Reporting in Accordance with GAAP

Ohio Administrative Code Section 117-2-3(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). Mercer County has elected to prepare and submit its annual financial report on the cash basis of accounting. The accompanying financial statements and notes omit material assets, liabilities, fund equities and disclosures required by GAAP.

Management Response: Mercer County believes that reporting on a GAAP basis is cost prohibitive. Therefore, the County does not anticipate changing to GAAP basis as the current OCBOA basis of reporting meets management’s requirements without substantial additional costs.

Section III – Federal Awards Findings and Questioned Costs

None Noted



Jeffrey S. Larmore

MERCER COUNTY AUDITOR

Mercer County Auditor's Office
101 N. Main Street, #105
Celina, OH 45822

Schedule of Prior Audit Findings December 31, 2024

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2023-001	ORC § 117.38 and OAC § 117-2-03(B) – not filing financial report on a GAAP basis – First Reported in 2003-001.	Not Corrected	Repeated as Finding Number 2024-001
2023-002	The County failed to remit and file certain Ohio Public Employees Retirement System (OPERS) withholdings timely, resulting in penalties and interest totaling \$12,662, not meeting the requirements of proper public purpose.	Corrected	



Jeffrey S. Larmore

MERCER COUNTY AUDITOR

Mercer County Auditor's Office
101 N. Main Street, #105
Celina, OH 45822

Corrective Action Plan December 31, 2024

Finding Number: 2024-001

Planned Corrective Action: Mercer County believes that reporting on a GAAP basis is cost prohibitive. Therefore, the County does not anticipate changing to GAAP basis as the current OCBOA basis of reporting meets management's requirements without substantial additional costs.

Anticipated Completion Date: N/A

Responsible Contact Person: Jeffrey Larmore, County Auditor



OHIO AUDITOR OF STATE KEITH FABER



MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/6/2025

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

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