



OHIO AUDITOR OF STATE
KEITH FABER



**MERCER COUNTY
DECEMBER 31, 2020**

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MERCER COUNTY
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Mercer County
220 W. Livingston Street
Celina, Ohio 45822

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, Ohio (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, as of December 31, 2020, and the respective changes in cash financial position and where applicable cash flows and the respective budgetary comparison for the General, Motor Vehicle, Development Disabilities, and Adult Detention Facility funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2021, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 11, 2021

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Mercer County
Statement of Net Position - Cash Basis
December 31, 2020

	Governmental Activities	Business- Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$24,168,961	\$4,874,034	\$29,042,995
Cash and Cash Equivalents in Segregated Accounts	27,870	0	27,870
Cash and Cash Equivalents with Fiscal Agent	3,069,782	0	3,069,782
Total Assets	<u>\$27,266,613</u>	<u>\$4,874,034</u>	<u>\$32,140,647</u>
 <u>Net Position</u>			
Restricted for			
Debt Service	\$179,979	\$0	\$179,979
Capital Projects	506,165	0	506,165
Public Safety	240,917	0	240,917
Public Works	2,848,806	0	2,848,806
Health	678,405	0	678,405
Human Services	10,535,785	0	10,535,785
Conservation and Recreation	137,481	0	137,481
Economic Development and Assistance	261,279	0	261,279
Other Purposes	2,970,354	0	2,970,354
Unrestricted	<u>8,907,442</u>	<u>4,874,034</u>	<u>13,781,476</u>
Total Net Position	<u>\$27,266,613</u>	<u>\$4,874,034</u>	<u>\$32,140,647</u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2020

	Program Receipts			
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
General Government				
Legislative and Executive	\$7,019,535	\$2,028,488	\$504,711	\$0
Judicial	2,285,207	790,362	310,857	0
Public Safety	7,256,178	382,984	2,497,944	0
Public Works	11,253,275	2,711,679	6,973,913	1,696,621
Health	1,252,111	107,013	88,118	0
Human Services	11,115,703	99,581	5,645,294	0
Conservation and Recreation	804,359	0	23,269	464,122
Economic Development and Assistance	2,599,694	4,965	1,323,054	0
Capital Outlay	2,345,344	0	0	0
Debt Service				
Principal Retirement	3,135,007	0	0	0
Interest and Fiscal Charges	210,382	0	0	0
Total Governmental Activities	49,276,795	6,125,072	17,367,160	2,160,743
<u>Business-Type Activities</u>				
Sanitary Sewer	1,969,090	1,781,765	16,741	0
Other Enterprise				
Water	55,924	117,704	0	0
Solid Waste	63,724	86,348	0	0
Ambulance	890,940	1,092,803	10,236	0
Total Business-Type Activities	2,979,678	3,078,620	26,977	0
Total	\$52,256,473	\$9,203,692	\$17,394,137	\$2,160,743

General Receipts

Property Taxes Levied for
 General Operating
 Developmental Disabilities
 County Home
 Children's Services
 Sales Taxes
 General Operating
 Adult Detention Facility
 Grants and Entitlements not Restricted to Other Programs
 Interest
 Donations
 Other
 Bond Anticipation Notes Issued
 Bonds Issued
 OWDA 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
(\$4,486,336)	\$0	(\$4,486,336)
(1,183,988)	0	(1,183,988)
(4,375,250)	0	(4,375,250)
128,938	0	128,938
(1,056,980)	0	(1,056,980)
(5,370,828)	0	(5,370,828)
(316,968)	0	(316,968)
(1,271,675)	0	(1,271,675)
(2,345,344)	0	(2,345,344)
(3,135,007)	0	(3,135,007)
(210,382)	0	(210,382)
(23,623,820)	0	(23,623,820)
0	(170,584)	(170,584)
0	61,780	61,780
0	22,624	22,624
0	212,099	212,099
0	125,919	125,919
(23,623,820)	125,919	(23,497,901)
2,495,620	0	2,495,620
4,305,353	0	4,305,353
716,720	0	716,720
442,706	0	442,706
6,341,703	0	6,341,703
3,168,133	0	3,168,133
1,254,283	0	1,254,283
495,296	0	495,296
55	0	55
4,454,676	88,918	4,543,594
718,800	0	718,800
1,659,380	0	1,659,380
0	206,927	206,927
26,052,725	295,845	26,348,570
16,875	(16,875)	0
26,069,600	278,970	26,348,570
2,445,780	404,889	2,850,669
24,820,833	4,469,145	29,289,978
27,266,613	\$4,874,034	\$32,140,647

Mercer County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2020

	General	Motor Vehicle	Developmental Disabilities
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$4,286,019	\$2,203,584	\$5,751,583
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	3,069,782
Restricted Assets			
Equity in Pooled Cash and Cash Equivalents	203,449	0	0
 Total Assets	 \$4,489,468	 \$2,203,584	 \$8,821,365
<u>Fund Balances</u>			
Nonspendable	\$203,449	\$0	\$0
Restricted	2,175	2,203,584	8,821,365
Committed	0	0	0
Assigned	4,416,801	0	0
Unassigned (Deficit)	(132,957)	0	0
 Total Fund Balances	 \$4,489,468	 \$2,203,584	 \$8,821,365

See Accompanying Notes to the Basic Financial Statements

Adult Detention Facility	Other Governmental	Total
\$3,552,047	\$8,172,279	\$23,965,512
0	27,870	27,870
0	0	3,069,782
0	0	203,449
<u>\$3,552,047</u>	<u>\$8,200,149</u>	<u>\$27,266,613</u>
\$0	\$0	\$203,449
0	7,128,598	18,155,722
3,552,047	13,027	3,565,074
0	1,058,524	5,475,325
0	0	(132,957)
<u>\$3,552,047</u>	<u>\$8,200,149</u>	<u>\$27,266,613</u>

Mercer County
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Motor Vehicle	Developmental Disabilities
<u>Receipts</u>			
Property Taxes	\$2,495,620	\$0	\$4,305,353
Sales Taxes	6,341,703	0	0
Special Assessments	0	0	0
Charges for Services	2,125,966	1,453,560	0
Licenses and Permits	2,090	0	0
Fines and Forfeitures	41,552	25,820	0
Intergovernmental	1,970,246	8,509,584	1,200,720
Interest	475,199	39,639	17,801
Donations	455	0	39,539
Other	1,522,304	104,865	536,173
Total Receipts	<u>14,975,135</u>	<u>10,133,468</u>	<u>6,099,586</u>
<u>Disbursements</u>			
Current			
General Government			
Legislative and Executive	6,065,893	0	0
Judicial	1,893,766	0	0
Public Safety	1,944,129	0	0
Public Works	13,142	10,852,672	0
Health	340,489	0	0
Human Services	310,193	0	5,166,236
Conservation and Recreation	742,725	0	0
Economic Development and Assistance	242,881	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Disbursements	<u>11,553,218</u>	<u>10,852,672</u>	<u>5,166,236</u>
Excess of Receipts Over (Under) Disbursements	<u>3,421,917</u>	<u>(719,204)</u>	<u>933,350</u>
<u>Other Financing Sources (Uses)</u>			
Bond Anticipation Notes Issued	0	0	0
Bonds Issued	0	0	0
Advances In	2,426,595	4,400	0
Advances Out	(3,826,996)	(2,400)	0
Transfers In	0	0	0
Transfers Out	(2,007,963)	(248,127)	0
Total Other Financing Sources (Uses)	<u>(3,408,364)</u>	<u>(246,127)</u>	<u>0</u>
Changes in Fund Balances	13,553	(965,331)	933,350
Fund Balances at Beginning of Year	<u>4,475,915</u>	<u>3,168,915</u>	<u>7,888,015</u>
Fund Balances at End of Year	<u>\$4,489,468</u>	<u>\$2,203,584</u>	<u>\$8,821,365</u>

See Accompanying Notes to the Basic Financial Statements

Adult Detention Facility	Other Governmental	Total
\$0	\$1,159,426	\$7,960,399
3,168,133	0	9,509,836
0	1,033,745	1,033,745
0	1,190,930	4,770,456
0	170,295	172,385
0	81,114	148,486
16,584	8,892,811	20,589,945
0	111,252	643,891
0	3,707	43,701
233,215	2,058,119	4,454,676
<u>3,417,932</u>	<u>14,701,399</u>	<u>49,327,520</u>

0	942,694	7,008,587
0	391,441	2,285,207
2,377,496	2,934,553	7,256,178
0	387,461	11,253,275
0	911,622	1,252,111
0	5,639,274	11,115,703
0	61,634	804,359
0	2,356,813	2,599,694
0	10,948	10,948
0	2,345,344	2,345,344
0	3,135,007	3,135,007
0	210,382	210,382
<u>2,377,496</u>	<u>19,327,173</u>	<u>49,276,795</u>

<u>1,040,436</u>	<u>(4,625,774)</u>	<u>50,725</u>
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0	718,800	718,800
0	1,659,380	1,659,380
0	3,798,146	6,229,141
0	(2,382,870)	(6,212,266)
765,000	2,654,281	3,419,281
<u>(1,163,191)</u>	<u>0</u>	<u>(3,419,281)</u>
<u>(398,191)</u>	<u>6,447,737</u>	<u>2,395,055</u>

642,245	1,821,963	2,445,780
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<u>2,909,802</u>	<u>6,378,186</u>	<u>24,820,833</u>
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<u>\$3,552,047</u>	<u>\$8,200,149</u>	<u>\$27,266,613</u>
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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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Property Taxes	\$2,406,000	\$2,406,000	\$2,499,619	\$93,619
Sales Taxes	6,000,000	6,000,000	6,341,703	341,703
Charges for Services	1,936,632	1,936,632	2,119,722	183,090
Licenses and Permits	3,150	3,150	2,090	(1,060)
Fines and Forfeitures	50,200	50,200	42,122	(8,078)
Intergovernmental	1,648,000	1,648,000	1,970,246	322,246
Interest	525,600	525,600	474,935	(50,665)
Donations	10,000	10,000	455	(9,545)
Other	761,793	761,793	1,521,769	759,976
Total Receipts	13,341,375	13,341,375	14,972,661	1,631,286
<u>Disbursements</u>				
<u>Current</u>				
<u>General Government</u>				
Legislative and Executive	8,020,968	6,989,345	6,288,866	700,479
Judicial	2,258,876	2,350,051	1,981,473	368,578
Public Safety	4,474,533	3,895,392	2,096,275	1,799,117
Public Works	157,059	13,604	13,142	462
Health	362,602	345,860	341,117	4,743
Human Services	492,158	492,158	331,041	161,117
Conservation and Recreation	274,000	742,926	742,725	201
Economic Development and Assistance	500,000	500,000	242,881	257,119
Total Disbursements	16,540,196	15,329,336	12,037,520	3,291,816
Excess of Receipts Over (Under) Disbursements	(3,198,821)	(1,987,961)	2,935,141	4,923,102
<u>Other Financing Sources (Uses)</u>				
Advances In	91,500	91,500	2,426,595	2,335,095
Advances Out	(10,000)	(471,601)	(3,826,996)	(3,355,395)
Transfers In	8,100	8,100	0	(8,100)
Transfers Out	0	(2,007,963)	(2,007,963)	0
Total Other Financing Sources (Uses)	89,600	(2,379,964)	(3,408,364)	(1,028,400)
Changes in Fund Balance	(3,109,221)	(4,367,925)	(473,223)	3,894,702
Fund Balance at Beginning of Year	3,498,787	3,498,787	3,498,787	0
Prior Year Encumbrances Appropriated	777,623	777,623	777,623	0
Fund Balance (Deficit) at End of Year	\$1,167,189	(\$91,515)	\$3,803,187	\$3,894,702

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, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts</u>				
Charges for Services	\$2,979,400	\$2,979,900	\$1,453,560	(\$1,526,340)
Fines and Forfeitures	36,000	36,000	25,904	(10,096)
Intergovernmental	8,885,712	8,885,712	8,509,584	(376,128)
Interest	62,000	62,000	39,639	(22,361)
Other	54,990	54,990	104,865	49,875
Total Receipts	12,018,102	12,018,602	10,133,552	(1,885,050)
<u>Disbursements</u>				
Current				
Public Works	12,436,843	14,105,116	12,058,441	2,046,675
Excess of Receipts Under Disbursements	(418,741)	(2,086,514)	(1,924,889)	161,625
<u>Other Financing Sources (Uses)</u>				
Advances In	3,000	3,000	4,400	1,400
Advances Out	(4,000)	(5,000)	(2,400)	2,600
Transfers Out	(496,255)	(496,255)	(248,127)	248,128
Total Other Financing Sources (Uses)	(497,255)	(498,255)	(246,127)	252,128
Changes in Fund Balance	(915,996)	(2,584,769)	(2,171,016)	413,753
Fund Balance at Beginning of Year	2,352,923	2,352,923	2,352,923	0
Prior Year Encumbrances Appropriated	807,773	807,773	807,773	0
Fund Balance at End of Year	\$2,244,700	\$575,927	\$989,680	\$413,753

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Property Taxes	\$4,207,800	\$4,207,800	\$4,311,910	\$104,110
Intergovernmental	1,457,000	1,457,000	1,200,720	(256,280)
Donations	1,500	1,500	39,539	38,039
Other	188,500	188,500	411,173	222,673
Total Receipts	5,854,800	5,854,800	5,963,342	108,542
<u>Disbursements</u>				
Current				
Human Services	6,144,152	6,144,152	5,729,882	414,270
Changes in Fund Balance	(289,352)	(289,352)	233,460	522,812
Fund Balance at Beginning of Year	5,279,120	5,279,120	5,279,120	0
Prior Year Encumbrances Appropriated	27,152	27,152	27,152	0
Fund Balance at End of Year	<u>\$5,016,920</u>	<u>\$5,016,920</u>	<u>\$5,539,732</u>	<u>\$522,812</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts</u>				
Sales Taxes	\$3,000,000	\$3,000,000	\$3,168,133	\$168,133
Intergovernmental	13,000	13,000	16,584	3,584
Other	20,000	20,000	233,215	213,215
	3,033,000	3,033,000	3,417,932	384,932
<u>Disbursements</u>				
Current				
Public Safety	2,911,937	2,912,723	2,644,838	267,885
	121,063	120,277	773,094	652,817
<u>Other Financing Sources (Uses)</u>				
Transfers In	765,000	765,000	765,000	0
Transfers Out	(1,160,100)	(1,163,191)	(1,163,191)	0
	(395,100)	(398,191)	(398,191)	0
Changes in Fund Balance	(274,037)	(277,914)	374,903	652,817
Fund Balance at Beginning of Year	2,778,183	2,778,183	2,778,183	0
Prior Year Encumbrances Appropriated	131,619	131,619	131,619	0
Fund Balance at End of Year	\$2,635,765	\$2,631,888	\$3,284,705	\$652,817

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Fund Net Position - Cash Basis
Enterprise Funds
December 31, 2020

	Sanitary Sewer	Other Enterprise	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,627,241	\$2,246,793	\$4,874,034
<u>Net Position</u>			
Unrestricted	\$2,627,241	\$2,246,793	\$4,874,034

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, 2020

	Sanitary Sewer	Other Enterprise	Total
<u>Operating Revenues</u>			
Charges for Services	\$1,781,765	\$1,296,855	\$3,078,620
Other	48,582	40,336	88,918
Total Operating Revenues	<u>1,830,347</u>	<u>1,337,191</u>	<u>3,167,538</u>
<u>Operating Expenses</u>			
Personal Services	454,204	163,290	617,494
Contractual Services	963,467	618,697	1,582,164
Materials and Supplies	108,767	189,512	298,279
Capital Outlay	0	17,231	17,231
Other	66	0	66
Debt Service			
Principal Retirement	404,507	18,414	422,921
Total Operating Expenses	<u>1,931,011</u>	<u>1,007,144</u>	<u>2,938,155</u>
Operating Income (Loss)	<u>(100,664)</u>	<u>330,047</u>	<u>229,383</u>
<u>Non-Operating Revenues (Expenses)</u>			
Grants	16,741	10,236	26,977
OWDA Loans Issued	189,696	17,231	206,927
Interest Expense	(38,079)	(3,444)	(41,523)
Total Non-Operating Revenues (Expenses)	<u>168,358</u>	<u>24,023</u>	<u>192,381</u>
Income Before Advances	67,694	354,070	421,764
Advances In	38,750	0	38,750
Advances Out	(48,125)	(7,500)	(55,625)
Changes in Net Position	58,319	346,570	404,889
Net Position at Beginning of Year	<u>2,568,922</u>	<u>1,900,223</u>	<u>4,469,145</u>
Net Position at End of Year	<u><u>\$2,627,241</u></u>	<u><u>\$2,246,793</u></u>	<u><u>\$4,874,034</u></u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2020

	Sanitary Sewer	Other Enterprise	Total
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$1,781,765	\$1,296,855	\$3,078,620
Cash Received from Other Revenues	48,582	40,336	88,918
Cash Payments for Personal Services	(454,204)	(163,290)	(617,494)
Cash Payments for Contractual Services	(963,467)	(618,697)	(1,582,164)
Cash Payments for Supplies	(108,767)	(206,743)	(315,510)
Cash Payments for Other Expenses	(66)	0	(66)
Net Cash Provided by Operating Activities	<u>303,843</u>	<u>348,461</u>	<u>652,304</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Cash Received from Grants	16,741	10,236	26,977
Cash Received from Advances In	38,750	0	38,750
Cash Payments for Advances Out	(48,125)	(7,500)	(55,625)
Net Cash Provided by Noncapital Financing Activities	<u>7,366</u>	<u>2,736</u>	<u>10,102</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on OPWC Loans	(23,750)	0	(23,750)
OWDA Loans Issued	189,696	17,231	206,927
Principal Paid on OWDA Loans	(380,757)	(18,414)	(399,171)
Interest Paid on OWDA Loans	(38,079)	(3,444)	(41,523)
Net Cash Provided by Capital and Related Financing Activities	<u>(252,890)</u>	<u>(4,627)</u>	<u>(257,517)</u>
Net Increase in Cash and Cash Equivalents	58,319	346,570	404,889
Cash and Cash Equivalents at Beginning of Year	<u>2,568,922</u>	<u>1,900,223</u>	<u>4,469,145</u>
Cash and Cash Equivalents at End of Year	<u><u>\$2,627,241</u></u>	<u><u>\$2,246,793</u></u>	<u><u>\$4,874,034</u></u>

See Accompanying Notes to the Basic Financial Statements

Mercer County
Statement of Cash Basis Fiduciary Net Position
Custodial Funds
December 31, 2020

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,997,997
Cash and Cash Equivalents in Segregated Accounts	<u>307,392</u>
Total Assets	<u><u>\$8,305,389</u></u>
 <u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$8,305,389</u></u>
 See Accompanying Notes to the Basic Financial Statements	

Mercer County
Statement of Change in Fiduciary Net Position - Cash Basis
Custodial Funds
For the Year Ended December 31, 2020

Additions

Intergovernmental Amounts for Other Governments	\$7,462,550
Amounts Received as Fiscal Agent	8,687,573
Licenses, Permits, and Fees for Other Governments	8,037,322
Fines and Forfeitures for Other Governments	343,408
Property Tax Collections for Other Governments	38,978,255
Sheriff Sales Collections for Others	85,509
Other	<u>148,964</u>

Total Additions	<u>63,743,581</u>
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Deductions

Distributions to the State of Ohio	342,647
Distributions of State Funds to Other Governments	4,658,314
Distributions to Other Governments	57,842
Distributions as Fiscal Agent	10,160,020
Distributions to Individuals	6,677
Licenses, Permits, and Fees Distributions to Other Governments	7,723,576
Fines and Forfeitures Distributions to Other Governments	325,255
Property Tax Distributions to Other Governments	41,856,523
Sheriff Sales Distributions to Others	<u>80,509</u>

Total Deductions	<u>65,211,363</u>
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Net Decrease in Fiduciary Net Position	(1,467,782)
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Net Position Beginning of Year	<u>9,773,171</u>
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Net Position End of Year	<u><u>\$8,305,389</u></u>
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See Accompanying Notes to the Basic Financial Statements

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 2020.

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, 2020
(Continued)

Note 1 - Reporting Entity (continued)

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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, Motor Vehicle, Developmental Disabilities, and Adult Detention Facility special revenue funds.

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

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

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

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

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

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, 2020
(Continued)

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, 2020
(Continued)

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 amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

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

E. Cash and Investments

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

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

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

During 2020, the County invested in negotiable and nonnegotiable certificates of deposit, federal agency securities, U.S. Treasury securities, municipal securities, mutual funds, commercial paper, and STAR Ohio. Investments are reported at cost or fair value for mutual funds and net value per share for STAR Ohio. The County’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million requiring the excess amount to be transacted the following business day(s) but only to the \$100 million limit. All accounts of the participant will be combined for this purpose.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 were \$475,199 which includes \$408,133 assigned from other County funds.

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

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

F. Restricted Assets

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

Unclaimed monies that have a legal restriction on their use are reported as restricted.

G. Capital Assets

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

H. Compensated Absences

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

I. Long-Term Obligations

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

J. Net Position

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

K. Fund Balance

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

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

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

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2021 budget along with amounts for auto title administration, economic development, capital improvements, and building maintenance.

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

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

L. Operating Receipts and Disbursements

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

M. Internal Activity

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

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

N. Pension/Other Postemployment Benefits

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

Note 3 - Compliance

For the year ended December 31, 2020, the General Fund final appropriations in excess of estimated resources plus available balances, in the amount of \$91,515. The County will review appropriations to ensure they are within amounts available.

Ohio Administrative Code Section 117-2-03(B) requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For 2020, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standard Board Statement No. 34, report on the basis of cash receipts and cash disbursements rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund, and the Motor Vehicle, Developmental Disabilities, and Adult Detention Facility special revenues funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The 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, and Adult Detention Facility Fund were \$485,000, \$1,205,522, \$40,809, and \$267,342, respectively.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 - Deposits and Investments

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts in eligible institutions pursuant to Ohio Revised Code Section 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in division (1) or (2) above; commercial paper as described in Ohio Revised Code Section 135.143(A)(6); and repurchase agreements secured by such obligations provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 - Deposits and Investments (continued)

9. Up to forty percent of the County's average portfolio in either of the following if training requirements have been met:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, which mature within two hundred seventy days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate of 5 percent of interim monies available for investment at the time of purchase;
 - b. bankers acceptances that are insured by the federal deposit insurance corporation and which mature not later than one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit provided certain conditions are met related to a County land reutilization corporation organized under Ohio Revised Code Chapter 1724; and,
12. Up to 2 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

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

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 - Deposits and Investments (continued)

Investments

As of December 31, 2020, the County had the following investments:

Measurement/Investment	Measurement Amount	Up to Six Months	One Year to Two Years	More Than Two Years
Cost				
Negotiable Certificates of Deposit	\$7,363,257	\$496,000	\$2,571,886	\$4,295,371
Federal Farm Credit Bank Notes	498,559	0	0	498,559
Federal Home Loan Bank Notes	500,000	0	0	500,000
Federal Home Loan Mortgage Corporation Notes	1,090,000	0	0	1,090,000
Federal National Mortgage Association Notes	1,724,998	0	0	1,724,998
U.S. Treasury Notes	496,045	0	0	496,045
Municipal Securities	1,049,432	1,148	330,000	718,284
Fair Value				
Mutual Fund	1,231	1,231	0	0
Amortized Cost				
Commercial Paper	2,495,052	2,495,052	0	0
Net Value Per Share				
STAR Ohio	9,689,946	9,689,946	0	0
Total Investments	<u>\$24,908,520</u>	<u>\$12,683,377</u>	<u>\$2,901,886</u>	<u>\$9,323,257</u>

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

The negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, U.S. Treasury Notes, and mutual fund carry a rating of Aaa by Moodys. For municipal securities, \$500,000 is rated Aaa by Moody's and the remainder is not rated. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standards and Poor's. The County has no policy regarding interest rate or credit risk beyond the requirements of State statute. Ohio law requires mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Commercial paper must be rated in the highest category at the time of purchase by two nationally recognized standard rating services. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 - Deposits and Investments (continued)

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

	Cost Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$7,363,257	29.56%
Federal Farm Credit Bank Notes	498,559	2.00
Federal Home Loan Bank Notes	500,000	2.01
Federal Home Loan Mortgage Corporation Notes	1,090,000	4.38
Federal National Mortgage Association Notes	1,724,998	6.93
U.S. Treasury Notes	496,045	1.99
Municipal Securities	1,049,432	4.21
Commercial Paper	2,495,052	10.02

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2020 represent the collection of 2019 taxes. Real property taxes received in 2020 were levied after October 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2020 represent the collection of 2019 taxes. Public utility real and tangible personal property taxes received in 2020 became a lien on December 31, 2018, were levied after October 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. The amount of the County's tax collections is accounted for within the applicable funds.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 6 - Property Taxes (continued)

The full tax rate for all County operations for the year ended December 31, 2020, was \$11.96 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$989,317,470
Commercial/Industrial/Mineral	103,993,160
Public Utility Property	
Real	247,710
Personal	32,248,000
Total Assessed Value	<u>\$1,125,806,340</u>

Note 7 - Permissive Sales and Use Tax

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

Note 8 - Interfund Activity

During 2020, the County made a number of cash advances to various funds. As of December 31, 2020, \$4,024,764 of the advances had not been repaid. Cash advances are generally made to provide working capital for operations or projects or to provide cash flow resources. Advances expected to be repaid within one year to the General Fund from the other governmental funds and the Sanitary Sewer enterprise fund are \$3,876,035 and \$46,425, respectively. Advances expected to be repaid within one year to other business-type funds from other governmental funds is \$1,460.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

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 2020, the County contracted with the Midwest Pool Risk Management Agency, Inc. for insurance coverage.

Coverage provided was as follows:

General Liability	\$2,000,000
Automobile Liability	2,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	2,000,000
Excess Liability	5,000,000
Building and Contents	87,137,000
Earthquake	36,000,000
Flood	36,000,000
Comprehensive Boiler and Machinery	100,000,000

There has been no significant reduction in insurance coverage from 2019 and settled claims have not exceeded insurance coverages in the past three years.

For 2020, the County participated in the Midwest Pool Risk Management Agency, Inc. (Pool), a risk sharing insurance program, with five counties participating in the Pool. Each participant pays annual premiums to the Pool based on the types of coverage selected.

B. Workers' Compensation

For 2020, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 9 - Risk Management (continued)

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

C. Medical and Life Insurance

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

Note 10 - Significant Contractual Commitments

The County had the following contractual commitments outstanding as of December 31, 2020:

Contractor	Purpose	Commitment
Access Engineering Solutions	Chickasaw Creek Treatment Train	\$161,500
Access Engineering Solutions	Burntwood Creek Treatment Train	118,938
ADN Safety Solutions	Guardrail Inventory and Inspection	36,580
All Temp Refrigeration	Central Service Building HVAC Upgrade	19,376
Bruns Construction Enterprises, Inc.	Marion Township Industrial Park - Phase IV	65,541
Dura Mark, Inc.	Various County Road Improvements	182,575
Fenson Contracting LLC	Utgard Kohnen Tile Improvements	62,499
Fischel, Downey, Albrecht & Riepenhof	Compensation Plan Updates	22,368
Garmann Miller and Associates	Bridge Building Improvements	30,000
Garmann Miller and Associates	Agricultural Service Center Improvements	28,806
Jerome Martens	Inspection Services	45,000
Michael R. Kahlig & Sons, Inc.	Camedawn Smallery Tile Improvements	203,000
PAB Construction Company	Broadway Street Improvements	82,000
Shinn Brothers	Various County Road Improvements	760,000
Wellman Brothers	South Main Street Improvements	147,242

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2021 are as follows:

General Fund	\$485,000
Motor Vehicle	1,205,522
Developmental Disabilities	40,809
Adult Detention Facility	267,342
Other Governmental Funds	892,381

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11 - Defined Benefit Pension Plan

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

Net Pension Liability (Asset)/Net OPEB Liability

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

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11 - Defined Benefit Pension Plan (continued)

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' Comprehensive Annual Financial Report referenced above for additional information including requirements for reduced and unreduced benefits).

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11 - Defined Benefit Pension Plan (continued)

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

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

When a traditional plan benefit recipient has received benefits for twelve months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be 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 plan participants must have attained the age of fifty-five, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five year period at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options.

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

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, 2020
(Continued)

Note 11 - Defined Benefit Pension Plan (continued)

	State and Local	Public Safety	Law Enforcement
2020 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2020 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

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

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

For 2020, the County's contractually required contribution was \$1,837,739 for the traditional plan, \$81,176 for the combined plan, and \$31,302 for the member-directed plan.

Net Pension Liability (Asset)

The net pension liability (asset) for OPERS was measured as of December 31, 2019, 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.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11 - Defined Benefit Pension Plan (continued)

Following is information related to the proportionate share.

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.09200101%	0.13366262%	
Prior Measurement Date	0.09119666%	0.14703267%	
Change in Proportionate Share	<u>0.00080435%</u>	<u>0.01337005%</u>	
Proportionate Share:			
Net Pension Liability	\$18,184,623	\$0	\$18,184,623
Net Pension Asset	\$0	\$278,718	\$278,718

The pension expense for the member-directed plan was \$31,302 for 2020. The aggregate pension expense for all pension plans was \$1,950,217 for 2020.

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	1.4 percent simple through 2020, then 2.15 percent simple	1.4 percent simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	individual entry age	individual entry age

In October 2019, the OPERS Board adopted a change in the COLA for Post-January 7, 2013, retirees, changing it from 3 percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11 - Defined Benefit Pension Plan (continued)

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional 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 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. Each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	<u>100.00 %</u>	

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11 - Defined Benefit Pension Plan (continued)

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

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

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
County's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	\$29,992,328	\$18,184,623	\$7,569,843
OPERS Combined Plan	(\$168,415)	(\$278,718)	(\$358,216)

Note 12 - Defined Benefit OPEB Plan

Net OPEB Liability

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment health care trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement to qualifying benefit recipients of both the traditional and combined pension plans. This trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12 - Defined Benefit OPEB Plan (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension plans must have twenty or more years of qualifying Ohio service credit and a minimum age of sixty or generally thirty years of qualifying service credit at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of another postemployment benefit (OPEB) as described in GASB Board Statement No. 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. For 2020, OPERS did not allocate any employer contributions to health care for members of the traditional and combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2020.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$12,521 for 2020.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12 - Defined Benefit OPEB Plan (continued)

Net OPEB Liability

The net OPEB liability and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 liability 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:	
Current Measurement Date	0.09155312%
Prior Measurement Date	0.09125468%
Change in Proportionate Share	0.00029844%
Proportionate Share of the Net OPEB Liability	\$12,645,864

Actuarial Assumptions

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	6 percent
Municipal Bond Rate:	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate:	
Current Measurement Date	10.5 percent initial 3.5 percent ultimate in 2030
Prior Measurement Date	7.25 percent initial 3.25 percent ultimate in 2029
Actuarial Cost Method	individual entry age

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12 - Defined Benefit OPEB Plan (continued)

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes assets for health care expenses for the traditional plan, the combined plan, and the member-directed plan eligible members. Within the Health Care portfolio, if any contributions are made into the plan, contributions 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 19.7 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2019, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12 - Defined Benefit OPEB Plan (continued)

Discount Rate - A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034 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 3.16 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 (2.16 percent) or one percentage point higher (4.16 percent) than the current rate.

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
County's Proportionate Share of the Net OPEB Liability	\$16,549,141	\$12,645,864	\$9,520,609

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 liability. The following table presents the net OPEB liability calculated using assumed trend rates and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not too distant future, the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.5 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's Proportionate Share of the Net OPEB Liability	\$12,272,695	\$12,645,864	\$13,014,275

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12 - Defined Benefit OPEB Plan (continued)

Changes Between the Measurement Date and the Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees as well as replacing OPERS sponsored medical plans for pre-Medicare retirees with monthly allowances similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

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.

Note 14 - Short-Term Obligations

The County's short-term obligations activity for the year ended December 31, 2020, was as follows:

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Fund					
2019 Ditch Improvement	2.30%	\$372,500	\$0	\$372,500	\$0
2020 Ditch Improvement	0.75	\$0	\$718,800	\$0	\$718,800
Total Bond Anticipation Notes		<u>\$372,500</u>	<u>\$718,800</u>	<u>\$372,500</u>	<u>\$718,800</u>

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 - Long-Term Obligations

The County's long-term debt activity for the year ended December 31, 2020, was as follows:

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
Adult Detention Facility Refunding (Original Amount \$4,475,000)	1-4%	\$2,655,000	\$0	\$865,000	\$1,790,000	\$885,000
2010 Various Purpose - Correctional Facility (Original Amount \$2,535,000)	2-4	675,000	0	675,000	0	0
2010 Various Purpose - Ditch Improvement (Original Amount \$390,000)	2-4	150,000	0	150,000	0	0
2011 Central Services Refunding (Original Amount \$2,460,000)	1-3.5	910,000	0	910,000	0	0
Revenue Bonds from Direct Placement						
2020 Industrial Park Revenue Bonds (Original Amount \$1,659,380)	2.5	0	1,659,380	12,380	1,647,000	0
Total Bonds		4,390,000	1,659,380	2,612,380	3,437,000	885,000
OPWC Loans from Direct Borrowings						
2001 Four Bridge Replacement (Original Amount \$76,979)	0.00	3,849	0	1,924	1,925	1,925
2002 Home Waterline Improvement (Original Amount \$80,000)	0.00	16,000	0	2,000	14,000	4,000
2002 Five Bridge Replacement (Original Amount \$60,000)	0.00	12,000	0	1,500	10,500	1,500
2005 Six Bridge Repair (Original Amount \$60,225)	0.00	16,562	0	1,506	15,056	1,506
2007 Bridge Replacement (Original Amount \$137,801)	0.00	58,566	0	3,445	55,121	3,445
2009 Carthagen Road (Original Amount \$300,000)	0.00	150,000	0	7,500	142,500	7,500
2009 Bridge Replacement (Original Amount \$157,500)	0.00	74,812	0	3,938	70,874	3,937
2010 Bridge Replacement (Original Amount \$142,500)	0.00	74,813	0	3,563	71,250	3,562
2011 County Road 30B Improvement (Original Amount \$74,250)	0.00	42,694	0	1,856	40,838	1,856

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 - Long-Term Obligations (continued)

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<u>Governmental Activities (continued)</u>						
OPWC Loans from Direct Borrowings (continued)						
2011 County Road 23 Improvement (Original Amount \$71,572)	0.00%	\$44,732	\$0	\$1,789	\$42,943	\$1,789
2013 Bridge Replacement (Original Amount \$234,578)	0.00	175,933	0	5,864	170,069	5,864
2015 County Road 81 and 170 Road Improvements (Original Amount \$209,674)	0.00	167,738	0	5,242	162,496	5,242
Widening and Resurfacing (Original Amount \$300,000)	0.00	280,000	0	5,000	275,000	5,000
County Road 21b/Wabash Road (Original Amount \$300,000)	0.00	300,000	0	5,000	295,000	5,000
Total OPWC Loans from Direct Borrowings		1,417,699	0	50,127	1,367,572	52,126
LGIF Loans Payable from Direct Borrowings	0.00	2,300,000	0	100,000	2,200,000	500,000
Total Governmental Activities		\$8,107,699	\$1,659,380	\$2,762,507	\$7,004,572	\$1,437,126
<u>Business-Type Activities</u>						
OPWC Loans from Direct Borrowings						
2003 Philothea Area Wastewater (Original Amount \$300,000)	0.00%	\$37,500	\$0	\$7,500	\$30,000	\$7,500
2019 Carthagen Sanitary Sewer System (Original Amount \$975,000)	0.00	975,000	0	16,250	958,750	16,250
Total OPWC Loans from Direct Borrowings		1,012,500	0	23,750	988,750	23,750
OWDA Loans from Direct Borrowings						
2002 Staeger Road Sanitary Sewer (Original Amount \$109,521)	3.64	7,550	0	7,550	0	0
2002 SR 129 and Burge Road (Original Amount \$400,463)	3.49	52,890	0	25,988	26,902	26,902
2005 Lake Acres (Original Amount \$248,037)	2.75	88,317	0	16,712	71,605	17,175
East Jefferson Phase 3 Sewers (Original Amount \$1,091,575)	0.00	627,654	0	54,579	573,075	54,579
West Jefferson Township Sewer (Original Amount \$1,214,964)	0.00	546,736	0	60,748	485,988	60,748
Marion Township Sewer (Original Amount \$2,254,469)	1.00	1,350,958	0	111,420	1,239,538	112,537

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 - Long-Term Obligations (continued)

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<u>Business-Type Activities</u>						
OWDA Loans from Direct Borrowings (continued)						
Carthagen Sanitary Sewer System (Original Amount \$448,014)	0.91%	\$258,318	\$189,696	\$15,595	\$432,419	\$0
MCI Lagoon (Original Amount \$1,121,386)	1.00	726,846	0	54,871	671,975	55,421
East Jefferson Water Line (Original Amount \$1,107,150)	0.91	992,972	0	33,294	959,678	33,598
Harbor Point Waterline Replacement (Original Amount \$380,438)	0.76	363,207	17,231	18,414	362,024	0
Total OWDA Loans from Direct Borrowings		5,015,448	206,927	399,171	4,823,204	360,960
Ohio Water and Sewer Loans from Direct Borrowings						
1991 Sandy Beach Area Sewer District (Original Amount \$42,822)	0.00	42,822	0	0	42,822	0
1992 Southwest Sewer (Original Amount \$269,223)	0.00	269,223	0	0	269,223	0
2001 Rotary SR 269 Sewer (Original Amount \$110,167)	0.00	88,673	0	0	88,673	0
Total Ohio Water and Sewer Loans From Direct Borrowings		400,718	0	0	400,718	0
Total Business-Type Activities		\$6,428,666	\$206,927	\$422,921	\$6,212,672	\$384,710

General Obligation Bonds

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

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

2011 Central Services Refunding

On October 26, 2011, the County issued \$2,460,000 in unvoted current refunding general obligation bonds to refund bonds previously issued for renovations of a building for use as County offices. The bonds were issued for a twelve year period with final maturity in 2023. The bonds were fully retired from the Central Services General Obligation Bond debt service fund during 2020.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 - Long-Term Obligations (continued)

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.

OPWC Loans

OPWC loans consist of monies owed to the Ohio Public Works Commission for the improvement and replacement of the County's infrastructure. OPWC loans are payable from the governmental debt service funds and from the gross revenues of the enterprise funds. The revenues of the Motor Vehicle special revenue fund are pledged to repay the governmental OPWC loans. The gross revenues of the Sanitary Sewer enterprise fund are pledged to repay the enterprise portion of the OPWC loans. Total principal remaining on the enterprise related loans is \$988,750, payable through July 2050. For the current year, principal paid was \$23,750. For 2020, the Sanitary Sewer enterprise fund had an operating loss of \$100,664.

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for various sewer projects. OWDA loans are payable solely from special assessments and from the gross revenues of the enterprise funds. An amortization schedule for the Carthagena Sanitary Sewer System and the Harbor Point Waterline Replacement loans are not available until the completion of the projects and, therefore, not included in the schedule of future principal and interest requirements. Total principal and interest remaining on the completed OWDA loan projects is \$4,028,761 and \$233,298, respectively, payable through July 2046. For the current year, principal and interest paid from the Sanitary Sewer enterprise fund was \$380,757 and \$38,079, respectively and from the Water enterprise fund was \$18,414 and \$3,444, respectively. For 2020, the Sanitary Sewer enterprise fund had an operating loss of \$100,664 and the Water enterprise fund had an operating income of \$65,224.

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 from the gross revenues of the Motor Vehicle special revenue fund. Total principal remaining on the loans is \$2,200,000, payable through January 31, 2026.

Ohio Water and Sewer Loans

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 - Long-Term Obligations (continued)

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

At December 31, 2020, the County's overall debt margin was \$27,343,435 with an un-voted debt margin of \$11,976,863.

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

Year	General Obligation Bonds		From Direct Borrowings	
	Principal	Interest	OPWC Loans Principal	LGIF Loans Principal
2021	\$885,000	\$35,800	\$52,126	\$500,000
2022	905,000	18,100	96,404	400,000
2023	0	0	96,405	400,000
2024	0	0	94,405	400,000
2025	0	0	89,405	400,000
2026-2030	0	0	419,204	100,000
2031-2035	0	0	229,140	0
2036-2040	0	0	110,483	0
2041-2045	0	0	100,000	0
2046-2050	0	0	80,000	0
	<u>\$1,790,000</u>	<u>\$53,900</u>	<u>\$1,367,572</u>	<u>\$2,200,000</u>

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

Year	From Direct Borrowings		
	OPWC Loans Principal	OWDA Loans Principal Interest	
2021	\$23,750	\$360,960	\$29,813
2022	47,500	336,525	26,740
2023	40,000	339,023	24,241
2024	32,500	341,555	21,710
2025	32,500	324,963	19,274
2026-2030	162,500	1,534,786	64,903
2031-2035	162,500	368,725	25,164
2036-2040	162,500	196,044	15,231
2041-2045	162,500	205,149	6,126
2046-2050	162,500	21,031	96
	<u>\$988,750</u>	<u>\$4,028,761</u>	<u>\$233,298</u>

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 16 - Fund Balance

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

Fund Balance	General	Motor Vehicle	Developmental Disabilities	Adult Detention Facility
Nonspendable for:				
Unclaimed Monies	\$203,449	\$0	\$0	\$0
Restricted for:				
Board of Developmental Disabilities Operations	0	0	8,821,365	0
Road and Bridge Repair/ Improvement	0	2,203,584	0	0
Sheriff Operations	2,175	0	0	0
Total Restricted	2,175	2,203,584	8,821,365	0
Committed to:				
Adult Detention Facility Operations	0	0	0	3,552,047
Assigned for:				
4-H Camp Improvements	21,548	0	0	0
Building Maintenance	121,564	0	0	0
Document Recording	92,278	0	0	0
Economic Development/ Rehabilitation	801,904	0	0	0
Flood Damage	8,859	0	0	0
Parent Education	890	0	0	0
Projected Budget Shortage	2,469,588	0	0	0
Sheriff Operations	13,853	0	0	0
Title Administration	468,257	0	0	0
Unpaid Obligations	418,060	0	0	0
Total Assigned	4,416,801	0	0	0
Unassigned (Deficit)	(132,957)	0	0	0
Total Fund Balance	\$4,489,468	\$2,203,584	\$8,821,365	\$3,552,047

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 16 - Fund Balance (continued)

Fund Balance	Other Governmental	Total
Non-spendable for:		
Unclaimed Monies	\$0	\$203,449
Restricted for:		
Airport Improvements	993	993
Board of Developmental Disabilities Operations	0	8,821,365
Child Support Enforcement	337,943	337,943
County Home	678,405	678,405
Court Operations	722,059	722,059
Crime Victim Assistance	11,723	11,723
Debt Retirement	179,979	179,979
Delinquent Tax Collections	75,747	75,747
Ditch Maintenance	1,060,734	1,060,734
Dog and Kennel Operations	33,530	33,530
Economic Development/ Rehabilitation	333,035	333,035
Elections	35,147	35,147
Environmental Restoration	28,302	28,302
Emergency Management Agency	37,254	37,254
Industrial Park Improvements	90,653	90,653
Job and Family Services Operations	1,442,807	1,442,807
Juvenile Corrections	133,574	133,574
Law Library	110,439	110,439
Mental Illness Training	1,022	1,022
Park Maintenance	145,720	145,720
Real Estate Assessment	1,052,889	1,052,889
Road and Bridge Repair/ Improvement	0	2,203,584
Sheriff Operations	616,643	618,818
Total Restricted	7,128,598	18,155,722
Committed to:		
Adult Detention Facility Operations	0	3,552,047
Sheriff Operations	13,027	13,027
Total Committed	13,027	3,565,074

(continued)

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 16 - Fund Balance (continued)

Fund Balance	Other Governmental	Total
Assigned for:		
4-H Camp Improvements	\$0	\$21,548
Building Maintenance	0	121,564
Capital Improvements	1,038,000	1,038,000
Debt Service	20,524	20,524
Document Recording	0	92,278
Economic Development/ Rehabilitation	0	801,904
Flood Damage	0	8,859
Parent Education	0	890
Projected Budget Shortage	0	2,469,588
Sheriff Operations	0	13,853
Title Administration	0	468,257
Unpaid Obligations	0	418,060
Total Assigned	<u>1,058,524</u>	<u>5,475,325</u>
Unassigned (Deficit)	<u>0</u>	<u>(132,957)</u>
Total Fund Balance	<u><u>\$8,200,149</u></u>	<u><u>\$27,266,613</u></u>

Note 17 - Interfund Transfers

During 2020, transfers were made from the General Fund to the Adult Detention Facility special revenue fund, in the amount of \$765,000, and to other governmental funds, in the amount of \$1,242,963, to subsidize operations in those funds and to make debt payments as they came due. The Motor Vehicle and Adult Detention Facility special revenue funds made transfers to other governmental funds, in the amount of \$248,127 and \$1,163,191, respectively, to make debt payments as they came due.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 18 - Jointly Governed Organizations

A. Mercer County Regional Planning Commission

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

The Commission makes plans and maps of the region showing the Commission's recommendations for systems of transportation, highways, park and recreational facilities, water supply, sewerage and sewage disposal, garbage disposal, civic centers, and other public improvements which affect the development of the region as a whole, or more than one political subdivision within the region and which do not begin and terminate within the boundaries of any single subdivision. During 2020, the County did not contribute to the operations of the Commission. Financial information can be obtained from the Commission, 220 West Livingston Street, Room A201, Celina, Ohio 45822.

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

The Tri-County Mental Health Board is a jointly governed organization among Mercer, Paulding, and Van Wert Counties. The Tri-County Mental Health Board provides leadership in planning for and supporting community-based alcohol, drug addiction, and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting, and advocating for the rights of persons as consumers of alcohol, drug addiction, and mental health services. The Board of Trustees consists of eighteen members; four members appointed by the Director of the Ohio Department of Mental Health, four members appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services, and ten members appointed by the County Commissioners of Mercer, Paulding, and Van Wert counties in the same proportion as the County's population. During 2020, a tax levy provided \$716,967 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 a number of 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, 315 East Court Street, Sidney, Ohio 45365.

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 18 - Jointly Governed Organizations (continued)

D. Grand Lake Saint Marys Lake Facilities Authority

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

Note 19 - Insurance Pools

A. County Commissioners Association of Ohio Service Corporation

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

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

B. Midwest Pool Risk Management Agency, Inc.

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

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 19 - Insurance Pools (continued)

C. Midwest Employee Benefit Consortium

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

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

Note 20 - Related Organizations

A. Mercer County District Library

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

B. Lakefield Airport Authority

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2020, this allocation was \$36,641.

Note 21 - Contingent Liabilities

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

Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 21 - Contingent Liabilities (continued)

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

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact of the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the County received CARES Act funding. Of the amounts received, \$142,000 was sub-granted to local businesses. The amount is reflected as economic development expenditures in the Coronavirus Relief special revenue fund.

Note 23 – Subsequent Event

On April 6, 2021, the County issued bond anticipation notes, in the amount of \$1,188,500 for ditch improvements.

On August 5, 2021, the County issued bond anticipation notes, in the amount of \$767,700 for ditch improvements.

MERCER COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	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-1213-11-0082	10.561		\$126,185
Total SNAP Cluster:				126,185
Total U.S. Department of Agriculture				126,185
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>(Passed through Ohio Department of Development)</i>				
Community Development Block Grants/State's Program	B-D-19-1BX-1 B-X-19-1BX-1 B-C-18-1BX-1 B-F-19-1BX-1 B-W-18-1BX-1 B-D-20-1BX-1 B-E-18-1BX-1	14.228		27,600 349,532 6,000 165,500 16,851 4,788 100,000
Total Community Development Block Grants/State's Program				670,271
Home Investment Partnerships Program	B-C-18-1BX-2	14.239		144,987
Total U.S. Department of Housing and Urban Development				815,258
U.S. DEPARTMENT OF JUSTICE				
<i>(Passed through Ohio Attorney General's Office)</i>				
Crime Victim Assistance	2020-VOCA-132925503 2021-VOCA-133925162	16.575		21,620 9,874
Total Crime Victim Assistance				31,494
Total U.S. Department of Justice				31,494
U.S. DEPARTMENT OF LABOR				
<i>(Passed through Ohio Department of Job & Family Services)</i>				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207		18,813
Total Employment Service Cluster:				18,813
Trade Adjustment Assistance	N/A	17.245		3,371
WIOA Cluster:				
WIA/WIOA Adult Program	N/A	17.258		35,540
WIA/WIOA Youth Activities	N/A	17.259		11,113
WIA/WIOA Dislocated Worker Formula Grants	N/A	17.278		63,161
Total WIOA Cluster				109,814
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	N/A	17.277		28,415
Total U.S. Department of Labor				160,413
U.S. DEPARTMENT OF TRANSPORTATION				
<i>(Passed through Ohio Department of Transportation)</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	PID #111053 PID #105602 PID #102325 PID #99669 PID #113516	20.205		16,000 925,103 2,391 69,497 6,345
Total Highway Planning and Construction				1,019,336
Total Highway Planning and Construction Cluster:				1,019,336
<i>(Passed through Ohio Department of Public Safety)</i>				
Highway Safety Cluster:				
State and Community Highway Safety	STEP-2021-Mercer County Sheriff's-O-00065	20.600		7,164
Total Highway Safety Cluster				7,164
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2020-Mercer County Sheriff's-O-00028	20.608		19,321
Total U.S. Department of Transportation				1,045,821
U.S. DEPARTMENT OF TREASURY				
<i>(Passed through Ohio Office of Budget and Management)</i>				
COVID-19 - Coronavirus Relief Fund	SLT0018 & SKT0234	21.019	\$142,000	2,537,184
<i>(Passed through Ohio Supreme Court)</i>				
COVID-19 - Coronavirus Relief Fund	#20-RTG-0100	21.019		29,735
Total Coronavirus Relief Fund			142,000	2,566,919
Total U.S. Department of Treasury			142,000	2,566,919

(Continued)

MERCER COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>(Passed through the Ohio Environmental Agency)</i>				
Nonpoint Source Implementation Grants	16(h)EPA-45/16(h)EPA-28/20(h)EPA-05/GLSM-FD31920	66.460		55,099
Total U.S. Environmental Protection Agency				<u>55,099</u>
U.S. DEPARTMENT OF EDUCATION				
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Special Education - Grants for Infants and Families	H181A180024/H181A190024	84.181		60,017
Total U.S. Department of Education				<u>60,017</u>
U.S. ELECTION ASSISTANCE COMMISSION				
<i>(Passed through Ohio Secretary of State)</i>				
COVID-19 - 2020 HAVA Election Security Grants	OH20101001	90.404		44,089
Total U.S. Election Assistance Commission				<u>44,089</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>(Passed through Ohio Department of Job & Family Services)</i>				
Promoting Safe and Stable Families	G-2021-11-5964	93.556		39,173
Temporary Assistance for Needy Families	JFSCF20	93.558		807,937
	JFSFCS20			65,193
Total Temporary Assistance for Needy Families:				<u>873,130</u>
Child Support Enforcement	JFSFCS20/JFSFCS21	93.563		267,875
	JFSFC604			65,548
	JFSFC557			60,000
	JFSFCS201			303
Total Child Support Enforcement				<u>393,726</u>
CCDF Cluster:				
Child Care and Development Block Grant	G-2021-11-5964	93.575		3,749
Total CCDF Cluster:				<u>3,749</u>
Stephanie Tubbs Jones Child Welfare Services Program	G-2021-11-5964	93.645		35,151
Foster Care_Title IV-E	JFSFP920	93.658		408,752
Adoption Assistance	G-2021-11-5964	93.659		129,271
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant	N/A	93.667		27,450
<i>(Passed through Ohio Department of Job & Family Services)</i>				
Social Services Block Grant	G-2021-11-5964	93.667		226,311
Total Social Services Block Grant				<u>253,761</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	G-2021-11-5964	93.674		10,352
Children's Health Insurance Program	MCDFSH20	93.767		56,581
Medicaid Cluster:				
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Medical Assistance Program	5400015	93.778		124,566
<i>(Passed through Ohio Department of Job & Family Services)</i>				
Medical Assistance Program	G-2021-11-5964	93.778		281,080
Total Medical Assistance Program/Medicaid Cluster				<u>405,646</u>
Opioid STR	N/A	93.788		355
Total U.S. Department of Health and Human Services				<u>2,609,647</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>(Passed through Ohio Department of Public Safety)</i>				
Emergency Management Performance Grants	EMC-2019-EP-00005	97.042		54,859
Flood Mitigation Assistance	N/A	97.029		119,302
Total U.S. Department of Homeland Security				<u>174,161</u>
Total Expenditures of Federal Awards			\$142,000	<u>\$7,689,103</u>

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

MERCER COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. These loans are collateralized by mortgages on the property and by UCC's on machinery and equipment. The current balance as of December 31, 2020 was \$215,075.

NOTE E – MATCHING REQUIREMENTS

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

NOTE F – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2020, the County made allowable transfers of \$109,899 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$873,130 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2020 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$983,029
Transfer to Social Services Block Grant	<u>(109,899)</u>
Total Temporary Assistance for Needy Families	<u>\$873,130</u>

MERCER COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

NOTE G - SUBRECIPIENTS

The County passes certain federal awards received from the U.S. Department of Treasury to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

OHIO AUDITOR OF STATE KEITH FABER



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

Mercer County
220 W. Livingston Street
Celina, Ohio 45822

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mercer County, (the County) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 11, 2021, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 11, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mercer County
220 W. Livingston Street
Celina, Ohio 45822

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Mercer County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Mercer County's major federal programs for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Mercer County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Keith Faber
Auditor of State
Columbus, Ohio

August 11, 2021

MERCER COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 – Coronavirus Relief Fund (CFDA #21.019) Child Support Enforcement (CFDA #93.563) Foster Care_Title IV-E (CFDA #93.658)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2020-001

Noncompliance – Not Reporting in Accordance with GAAP

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

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

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

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

Official's Response:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	ORC § 117.38 and OAC § 117-2-03(B) – not filing financial report on a GAAP basis	Not Corrected	Repeated as Finding Number 2020-001

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**Mercer County Auditor
Celina, OH 45822**



Randall E. Grapner

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2020**

Finding Number:	2020-001
Planned Corrective Action:	Mercer County believes that reporting on a GAAP basis is cost prohibitive. Therefore, the County switched to an OCBOA basis of reporting, which meets management's requirements without substantial additional costs.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Randall Grapner, County Auditor

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OHIO AUDITOR OF STATE KEITH FABER



MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/21/2021

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

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