



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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MERCER COUNTY GENERAL HEALTH DISTRICT  
MERCER COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519  
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319  
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

[www.bhmcgroup.com](http://www.bhmcgroup.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARreport@ohioauditor.gov  
(800) 282-0370

The Board  
Mercer County Health District  
220 W Livingston Room B152  
Celina, OH 45822

We have reviewed the *Independent Auditor's Report* of the Mercer County Health District, Mercer County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 07, 2023**

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**MERCER COUNTY GENERAL HEALTH DISTRICT**  
**MERCER COUNTY**  
*For the Years Ended December 31, 2022 and 2021*  
*Table of Contents*

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2022.....	4
Notes to the Basic Financial Statements For the Year Ended December 31, 2022.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2021.....	12
Notes to the Basic Financial Statements For the Year Ended December 31, 2021.....	13
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Prior Audit Findings.....	21

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**INDEPENDENT AUDITOR'S REPORT**

Mercer County General Health District  
Mercer County  
220 West Livingston Room B152  
Celina, Ohio 45822

To the Board:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Mercer County General Health District, Mercer County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

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

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.



- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*BHM CPA Group*

BHM CPA Group  
Piketon, OH  
June 19, 2023

**MERCER COUNTY GENERAL HEALTH DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Charges for Services	\$ 987,694	\$ 74,688	\$ 1,062,382
Fines, Licenses and Permits	-	114,954	114,954
Intergovernmental	328,669	306,211	634,880
BWC Refund	1,316	476	1,792
Rewards, Vaccine Rebates & Reimbursements	9,041	-	9,041
Miscellaneous	724	-	724
	<u>1,327,444</u>	<u>496,329</u>	<u>1,823,773</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Health:			
Salaries	405,836	338,684	744,520
Fringe Benefits	216,715	143,311	360,026
Purchased/Contracted Services	49,473	17,053	66,526
Supplies/Materials	447,193	43,360	490,553
Other	30,194	20,120	50,314
Remittance to State	45,546	19,923	65,469
Dept of Ag Share	-	2,142	2,142
	<u>1,194,957</u>	<u>584,593</u>	<u>1,779,550</u>
<b>Total Cash Disbursements</b>			
Excess of Receipts Over/(Under) Disbursements	<u>132,487</u>	<u>(88,264)</u>	<u>44,223</u>
<b>Other Financing Receipts (Disbursements):</b>			
Transfer In	-	151,414	151,414
Transfers Out	(113,925)	(37,489)	(151,414)
Advance In	20,000	20,000	40,000
Advance Out	(20,000)	(20,000)	(40,000)
	<u>(113,925)</u>	<u>113,925</u>	<u>-</u>
<b>Total Other Financing Receipts(Disbursements)</b>			
Net Change in Fund Cash Balances	<u>18,562</u>	<u>25,661</u>	<u>44,223</u>
Fund Cash Balances, January 1	<u>509,247</u>	<u>336,608</u>	<u>845,855</u>
Fund Cash Balances, December 31	<u>\$ 527,809</u>	<u>\$ 362,269</u>	<u>\$ 890,078</u>

*The notes to the financial statements are an integral part of this statement.*

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mercer County General Health District, Mercer County, (The District) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District’s services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District’s management believes these financial statements present all activities for which the District is financially accountable.

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

***Fund Accounting***

The District 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 District are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

***Swimming Pool Fund*** The swimming pool fund accounts for the sale of public pool and spa licenses.

***Parks and Camps Fund*** The parks and camps fund accounts for the sale of campground and trailer park licenses.

***Food Service Fund*** The food service fund accounts for the sale of food service licenses.

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Water System Fund*** The water system fund receives money for permits and fees of well and water testing.

***Solid Waste Fund*** The solid waste fund receives money for sewage permit fees within Mercer County.

***Construction and Demo Debris (C&DD) Fund*** The C&DD fund accounts for tipping fees and licenses.

***Environmental Miscellaneous Fund*** This fund receives money for licenses of sewage vector control, and body art in Mercer County. This has been combined into the General Fund.

***NACCHO Grant Fund*** This fund receives Federal grant money to provide for the development of the Medical Reserve Corps (MRC).

***Get Vaccinated Grant (GV)*** This fund receives Federal grant money on a subgrantee basis to provide for the purpose of increasing immunization rates for children.

***Public Health Emergency Preparedness (PHEP) Grant Fund*** This fund receives Federal grant money to provide for the development of public health infrastructure.

***Enhanced Operations Grant (EO21)*** This fund receives Federal grant money to provide for the monitoring and management of COVID-19 activities.

***Work Force Development Grant (WF22)*** This fund receives Federal grant money to support additional workforce capacity. This includes hiring/contracting additional staff and can also include professional development of existing staff.

***COVID-19 Vaccination Grant (CN22)*** This fund receives Federal grant money to maintain and improve COVID-19 vaccination efforts.

***Enhanced Operations Grant (EO22)*** This fund receives Federal grant money to provide for the monitoring and management of COVID-19 activities.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Budgetary Process***

The Ohio Revised Code requires the District to budget each fund annually

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2022 budgetary activity appears in Note 3.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Non-spendable*** The District classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *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.

***Committed*** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are 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 could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Revenue	\$1,271,496	\$1,327,444	\$55,948
Special Revenue	755,645	647,743	(107,902)
Total	\$2,027,141	\$1,975,187	(\$51,954)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Expenses	\$1,602,132	\$1,314,140	\$287,992
Special Revenue	865,322	622,147	243,175
Total	\$2,467,454	\$1,936,287	\$531,167

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Mercer County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

**Note 5 – Intergovernmental Funding and Property Taxes**

***Intergovernmental Funding***

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Risk Management**

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

***Risk Pool Membership***

The District is a member of the Public Entities Pool of Ohio. The Pool assumes the risk of loss up to the limits of the Mercer County Health Department’s policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability;
- Employment practices liability
- Cyber;
- Law enforcement liability;
- Automobile liability;
- Vehicles;
- Property;
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021 (latest information available):

	2021
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Several of the District’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2022.

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Social Security***

Several of the District’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 0 percent during calendar year 2022.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 5,258	\$ 65	\$ 5,323
Total	\$ 5,258	\$ 65	\$ 5,323

The fund balance of special revenue funds is either restricted or committed. These restricted amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**MERCER COUNTY GENERAL HEALTH DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Charges for Services	\$ 1,098,286	\$ 60,128	\$ 1,158,414
Fines, Licenses and Permits	-	118,365	118,365
Intergovernmental	683,127	84,907	768,034
BWC Refund	413	123	536
Rewards, Vaccine Rebates & Reimbursements	7,841	-	7,841
Miscellaneous	1,427	-	1,427
	<u>1,791,094</u>	<u>263,523</u>	<u>2,054,617</u>
<b>Total Cash Receipts</b>			
	<u>1,791,094</u>	<u>263,523</u>	<u>2,054,617</u>
<b>Cash Disbursements:</b>			
Current:			
Health:			
Salaries	546,324	228,883	775,207
Fringe Benefits	266,425	83,211	349,636
Purchased/Contracted Services	67,107	8,002	75,109
Supplies/Materials	607,856	17,047	624,903
Other	34,933	2,095	37,028
Remittance to State	50,824	107,534	158,358
Dept of Ag Share	-	2,086	2,086
Township Share	-	399	399
	<u>1,573,469</u>	<u>449,257</u>	<u>2,022,726</u>
<b>Total Cash Disbursements</b>			
	<u>1,573,469</u>	<u>449,257</u>	<u>2,022,726</u>
Excess of Receipts Over/(Under) Disbursements	<u>217,625</u>	<u>(185,734)</u>	<u>31,891</u>
<b>Other Financing Receipts (Disbursements):</b>			
Transfer In	-	179,622	179,622
Transfers Out	(92,000)	(87,622)	(179,622)
	<u>(92,000)</u>	<u>92,000</u>	<u>-</u>
<b>Total Other Financing Receipts(Disbursements)</b>			
	<u>(92,000)</u>	<u>92,000</u>	<u>-</u>
Net Change in Fund Cash Balances	<u>125,625</u>	<u>(93,734)</u>	<u>31,891</u>
Fund Cash Balances, January 1	<u>383,622</u>	<u>430,342</u>	<u>813,964</u>
Fund Cash Balances, December 31	<u>\$ 509,247</u>	<u>\$ 336,608</u>	<u>\$ 845,855</u>

*The notes to the financial statements are an integral part of this statement.*

**Mercer County General Health District**

*Mercer County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

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The District's management believes these financial statements present all activities for which the District is financially accountable.

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The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

***Fund Accounting***

The District 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 District are presented below:

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***Swimming Pool Fund*** The swimming pool fund accounts for the sale of public pool and spa licenses.

***Construction and Demo Debris (C&DD) Fund*** The C&DD fund accounts for tipping fees and licenses.

**Mercer County General Health District**

*Mercer County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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***Water System Fund*** The water system fund receives money for permits and fees of well and water testing.

***Solid Waste Fund*** The solid waste fund receives money for sewage permit fees within Mercer County.

***Environmental Miscellaneous Fund*** This fund receives money for licenses of sewage vector control, and body art in Mercer County. This has been combined into the General Fund.

***Public Health Emergency Preparedness (PHEP) Grant Fund*** This fund receives Federal grant money to provide for the development of public health infrastructure.

***NACCHO Grant Fund*** This fund receives Federal grant money to provide for the development of the Medical Reserve Corps (MRC).

***Get Vaccinated Grant (GV) Fund*** This fund receives Federal grant money on a subgrantee basis to provide for the purpose of increasing immunization rates for children.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires the District to budget each fund annually

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2021 budgetary activity appears in Note 3.

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *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.

***Committed*** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are 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 could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Revenue	\$1,681,448	\$1,791,094	\$109,647
Special Revenue	509,260	443,145	(66,114)
Total	\$2,190,708	\$2,234,240	\$43,532

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,861,517	\$1,671,224	\$190,293
Special Revenue	618,225	536,879	81,346
Total	\$2,479,742	\$2,208,103	\$271,639

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Mercer County Treasurer is custodian for the District’s deposits. The County’s deposit and investment pool holds the District’s assets, valued at the Treasurer’s reported carrying amount.

**Note 5 – Intergovernmental Funding and Property Taxes**

***Intergovernmental Funding***

The County apportions the excess of the District’s appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**Note 6 – Risk Management**

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

**Mercer County General Health District**

*Mercer County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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***Risk Pool Membership***

The District is a member of the Public Entities Pool of Ohio. The Pool assumes the risk of loss up to the limits of the Mercer County Health Department’s policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability;
- Cyber;
- Law enforcement liability;
- Automobile liability;
- Vehicles;
- Property, and;
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Several of the District’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2021.

***Social Security***

Several of the District’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2021.



**Mercer County General Health District**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 5,755	\$ -	\$ 5,755
Total	\$ 5,755	\$ -	\$ 5,755

The fund balance of special revenue funds is either restricted or committed. These restricted amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – COVID-19**

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



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

Mercer County General Health District  
Mercer County  
220 West Livingston Room B152  
Celina, Ohio 45822

To the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Mercer County General Health District, Mercer County, (The District) and have issued our report thereon dated June 19, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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

Handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio

June 19, 2023

MERCER COUNTY GENERAL HEALTH DISTRICT  
MERCER COUNTY  
DECEMBER 31, 2022 AND 2021

SCHEDULE OF PRIOR AUDIT FINDINGS

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Finding Number	Finding Summary	Status	Additional Information:
2020-001	Material Weakness – Financial Reporting	Fully Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



**MERCER COUNTY HEALTH DISTRICT**

**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 7/20/2023**

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