



OHIO AUDITOR OF STATE
KEITH FABER



**GRAND LAKE ST. MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Grand Lake St. Marys Lake Facilities Authority
Mercer County
101 North Main Street
Celina, Ohio 45822

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Grand Lake St. Marys Lake Facilities Authority, Mercer County, Ohio (the Authority), which comprises the cash balances, receipts and disbursements for the governmental fund type as of and for the years ended December 31, 2021 and 2020, 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 the governmental fund type as of and for the years ended December 31, 2021 and 2020, 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 Authority, as of December 31, 2021 and 2020, or the changes in financial position thereof for the year 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 Authority, 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 the Authority 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and 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 Authority'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 Authority'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 December 1, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 1, 2022

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**GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

BALANCE JANUARY 1, 2021		\$857,585
REVENUE RECEIPTS		
State Funds	2,093,044	
Federal Funds	43,116	
Interest Income	10,299	
Other Revenue	<u>377,825</u>	
TOTAL REVENUE RECEIPTS		<u>2,524,284</u>
TOTAL BEGINNING BALANCE PLUS RECEIPTS		<u>3,381,869</u>
EXPENDITURES		
Professional Services	141,285	
Contract Projects	565,328	
Donations	100,000	
Other Expenses	<u>3,825</u>	
TOTAL EXPENDITURES		<u>810,438</u>
BALANCE, DECEMBER 31, 2021		<u><u>\$2,571,431</u></u>
RESERVE FOR ENCUMBRANCES, DECEMBER 31, 2021		\$1,096,120

See accompanying notes to the basic financial statements.

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GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY

NOTES TO FINANCIAL REPORTS & STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Reporting Entity:

The Grand Lake Saint Marys Lake Facilities Authority (LFA) 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.

Note 2 - Accounting Policies:

Basis of Presentation

These financial statements are presented on a regulatory cash basis of accounting and consists of a combined statement of receipts, disbursements, and changes in fund balances for the general fund.

Fund Accounting

The Authority 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 Authority 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 Authority for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 (D). 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 (D) permit.

Capital Assets

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets

Fund Balance

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

Nonspendable The Authority 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 Authority and the nonspendable portion of the corpus in permanent funds.

GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY

NOTES TO FINANCIAL REPORTS & STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

(Continued)

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 Governing Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Governing 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 Authority 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 5.

Revenue

The State Fund Revenue of \$2,093,043.73 represents grants received through the H2Ohio, Ohio Public Works Commission, and Ohio Department of Natural Resources Funds. The Federal Funds of \$43,116.14 represents an Ohio EPA Grant for the development of the Gilliland Nature Preserve Wetland/Natural Area. The donation of \$377,825.00 was received from the Mercer County Civic Foundation, and represents a land owner contribution.

Expenditures

Contract Project expenditures in the amount of \$565,327.82 was primarily spent on the following projects: West Beach, Gilliland Nature Preservation, and the Burntwood Creek Treatment Train Project. The donation of \$100,000 was distributed to Mercer County for the Coldwater Creek Corridor Improvement.

Note 3 - Contractual Commitments

The Reserve for Encumbrances represents the following contractual commitments by LFA that were outstanding as of December 31, 2021:

Access Engineering Solutions for Chickasaw Creek Project Services	\$149,250
Access Engineering Solutions for Burntwood Creek Project Services	34,125
VTF Excavation LLC for Burntwood Creek Project Services	649,851
Kahlig Dozing & Excavating, Inc. for Mercer Wildlife Wetland	243,321
Fenson Contracting, LLC for Gililand Nature Preserve	19,038
West Beach Improvements	535*
	<hr/>
	\$1,096,120

*Encumbrances cancelled in 2022

GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY

NOTES TO FINANCIAL REPORTS & STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 4 - Activities for 2021 and Future Projects:

In 2021, Lake Facilities Authority was awarded the following grants: 1) H2Ohio Grant in the amount of \$1,700,000 for the development of wetlands at the Mercer Wildlife Area.

Projects implemented in 2021 included the continuation of projects at West Beach, including a restroom upgrade, dredging and several water quality treatments throughout the recreation season. This project will continue into 2022 with the addition of boat docks, kayak basketball and other miscellaneous items.

The Gilliland Nature Preserve Wetland/Natural Area project was fully constructed in 2021. Final seeding and tree planting will be completed in 2022 and the project will be finalized and the grant will be closed by the end of 2022.

The Burntwood-Langenkamp Wetland Conservation Area was constructed in late 2021 and final items will be completed in early 2022. The project will be finalized in 2022 with a ribbon cutting ceremony.

Phase 1 of the wetlands at Mercer Wildlife Area was put out for bid and a contract was awarded in 2021. Construction of phase 1 will begin in the spring of 2022 and will be completed by the fall of 2022. Phase 2 of the project is the green-tree marsh at the west edge of the Wildlife Area. Phase 2 construction will likely begin in the fall of 2022 and extend into 2023.

The Chickasaw Creek wetland and stream restoration project design began in 2021, and will continue into 2022. It is anticipated that the project will go out for bid in 2022 and construction will begin in the fall of 2022 and extend into 2023.

There were no new land acquisitions in 2021. An application for a Clean Ohio grant will be considered in 2022 should an opportunity for a good land purchase arise.

Note 5 – Fund Balances

Included in fund balance are amounts the LFA cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Assigned:	
Outstanding Encumbrances	<u>\$1,096,120</u>
Total	<u>\$1,096,120</u>

In the general fund, outstanding encumbrances are considered assigned.

Note 6 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

BALANCE JANUARY 1, 2020		\$2,832,481
REVENUE RECEIPTS		
State Funds	812,787	
Interest Income	32,854	
Other Revenue	195,018	
	<u> </u>	
TOTAL REVENUE RECEIPTS		<u>1,040,659</u>
TOTAL BEGINNING BALANCE PLUS RECEIPTS		<u>3,873,140</u>
EXPENDITURES		
Land Acquisition	2,863,314	
Professional Services	137,336	
Contract Projects	13,500	
Other Expenses	1,405	
	<u> </u>	
TOTAL EXPENDITURES		<u>3,015,555</u>
BALANCE, DECEMBER 31, 2020		<u><u>\$857,585</u></u>
RESERVE FOR ENCUMBRANCES, DECEMBER 31, 2020		\$284,155

See accompanying notes to the basic financial statements.

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GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY

NOTES TO FINANCIAL REPORTS & STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Reporting Entity:

The Grand Lake Saint Marys Lake Facilities Authority (LFA) 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.

Note 2 - Accounting Policies:

Basis of Presentation

These financial statements are presented on a regulatory cash basis of accounting and consists of a combined statement of receipts, disbursements, and changes in fund balances for the general fund.

Fund Accounting

The Authority 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 Authority 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 Authority for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 (D). 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 (D) permit.

Capital Assets

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets

Fund Balance

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

Nonspendable The Authority 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 Authority and the nonspendable portion of the corpus in permanent funds.

GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY

NOTES TO FINANCIAL REPORTS & STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

(Continued)

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 Governing Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Governing 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 Authority 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 5.

Revenue

The State Fund Revenue of \$812,787 represents: a) \$464,123 from Ohio EPA Clean Ohio Funds for the Chickasaw Creek property acquisition; b) \$316,055 from Ohio Public Works Commission for the acquisition of farmland for the Gilliland Nature Preserve Wetland/Natural Area Development; and c) \$32,609 for reimbursement of West Beach Improvements through the ODNR Pass-Through Agreement. Mercer County Commissioners served as a conduit for the Chickasaw Creek grant funds.

Expenditures

Land Acquisitions in the amount of \$2,863,314 represents: a) \$600,639 for land purchased from Quivey for the Chickasaw Creek Treatment Train Project; b) \$400,890 for the Gilliland land acquisition; c) \$349,426 for vacant land for the Southwest Greenspace Expansion; and d) \$1,512,359 for land purchased from the Langenkamp Family Farm for the Burntwood Creek Treatment Train Project.

All land acquisitions expenditures were partially funded with grants. Grant revenue received in 2020 is noted under Revenue. Ohio Public Work grants were awarded to LFA in the amount of \$274,451 for the Southwest Greenspace Expansion and \$1,140,932 for the Langenkamp Family Farm. Reimbursement for these two projects is anticipated to be received in 2021.

GRAND LAKE SAINT MARYS LAKE FACILITIES AUTHORITY
MERCER COUNTY

NOTES TO FINANCIAL REPORTS & STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 3 - Contractual Commitments

The Reserve for Encumbrances represents the following contractual commitments by LFA that were outstanding as of December 31, 2020:

Access Engineering Solutions for Chickasaw Creek Project Services	\$161,500
Access Engineering Solutions for Burntwood Creek Project Services	118,938
Denny's Door Co. for West Beach Restroom Improvements	3,568
The Daily Standard for Legal Notices	149
	<u>\$284,155</u>

Note 4 - Activities for 2020 and Future Projects:

In 2020, Lake Facilities Authority was awarded the following grants: 1) Ohio EPA Section 319h in the amount of \$75,944 for the development of the Gilliland Nature Preserve Wetland/ Natural Area and 2) H2Ohio Grant in the amount of \$1,500,000 for the development of the Burntwood-Langenkamp Wetland Conservation Area Project.

An alum treatment at the West Beach project was completed in 2020. Dredging, water treatment and recreational facilities will continue at West Beach in 2021. The Burntwood-Langenkamp Wetland Conservation Area will be constructed in 2021 along with the Gilliland Nature Preserve Wetland/Natural Area Development. The LFA may also consider assisting ODNR with the design and development of a wetland treatment system at the ODNR goose refuge. The design of the Chickasaw Creek Treatment Train will continue in 2021 with construction in 2022.

If there is a Clean Ohio Grant mid-year round, the LFA may consider an application to purchase 22 acres near US 127 and SR 703 (near the Southwest Greenspace project).

Note 5 – Fund Balances

Included in fund balance are amounts the LFA cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Assigned:	
Outstanding Encumbrances	<u>\$284,155</u>
Total	<u>\$284,155</u>

In the general fund, outstanding encumbrances are considered assigned.

Note 6 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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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**

Grand Lake St. Marys Lake Facilities Authority
Mercer County
101 North Main Street
Celina, Ohio 45822

To the Board of Directors:

We have audited, in accordance with 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, the financial statements of the governmental activities, of the Grand Lake St. Marys Lake Facilities Authority, Mercer County, (the Authority) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 1, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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



Keith Faber
Auditor of State
Columbus, Ohio

December 1, 2022

OHIO AUDITOR OF STATE KEITH FABER



GRAND LAKE ST. MARYS LAKE FACILITIES AUTHORITY

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 1/3/2023

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