



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Lorain Port Authority  
Lorain County  
319 Black River Lane  
Lorain, Ohio 44052

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020, and related notes of the Lorain Port Authority, Lorain County, Ohio (the Port Authority).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 Port Authority'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 Port Authority'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.

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

As described in Note 2 of the financial statements, the Port Authority prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Port Authority does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Port Authority, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020, and related notes of the Port Authority, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods for the Authority. We did not modify our opinion regarding this matter.

***Other Matters***

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 financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 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 November 30, 2021, on our consideration of the Port 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. 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 Port Authority's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 30, 2021

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**Lorain Port Authority**  
Lorain County, Ohio  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$711,695			\$711,695
Charges for Services	199,933			199,933
Intergovernmental	142,892	\$35,000	\$1,419,249	1,597,141
Miscellaneous	6,017		925,786	931,803
<i>Total Cash Receipts</i>	<u>1,060,537</u>	<u>35,000</u>	<u>2,345,035</u>	<u>3,440,572</u>
<b>Cash Disbursements</b>				
Current:				
General Government	830,589			830,589
Public Safety		52,325		52,325
Leisure Time Activities	21,384			21,384
Basic Utility Services	45,258			45,258
Capital Outlay	160,232		2,359,155	2,519,387
<i>Total Cash Disbursements</i>	<u>1,057,463</u>	<u>52,325</u>	<u>2,359,155</u>	<u>3,468,943</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,074</u>	<u>(17,325)</u>	<u>(14,120)</u>	<u>(28,371)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		11,667		11,667
Transfers Out	(11,667)			(11,667)
Advances In	11,667	11,667		23,334
Advances Out	(11,667)	(11,667)		(23,334)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,667)</u>	<u>11,667</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(8,593)	(5,658)	(14,120)	(28,371)
<i>Fund Cash Balances, January 1</i>	<u>564,061</u>	<u>5,852</u>	<u>14,120</u>	<u>584,033</u>
<i>Fund Cash Balances, December 31</i>	<u>\$555,468</u>	<u>\$194</u>	<u>\$0</u>	<u>\$555,662</u>

See accompanying notes to the basic financial statements

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**LORAIN PORT AUTHORITY**  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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**Note 1 – Reporting Entity**

The Lorain Port Authority (the Port Authority), Lorain County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority is directed by a nine-member Board, appointed for a staggered, four-year terms by the Mayor, and approved by City Council of the City of Lorain. The Port Authority promotes economic development, provides water safety and recreational programs, and sound waterfront management. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

The Port 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 Port 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 Port Authority 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 Port Authority had the following significant Special Revenue Fund:

***Marine Patrol Program*** This fund is used to account for boater education, safety and security of the waters in and around Lorain Ohio. The Marine Patrol Program is funded through a grant by the Ohio Department of Natural Resources, Division of Parks and Watercraft.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Port Authority had the following significant Capital Project Fund:

***Kelley's Island Ferry Boat Project*** The National Transportation Act made funds available to build a ferry boat. The Federal Highway Administration designated the Ohio Department of Transportation to administer the program.

***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).

**LORAIN PORT AUTHORITY**  
**LORAIN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations***

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Port Authority Board must annually approve appropriation measures and subsequent amendments. The Lorain County Budget Commission must also approve appropriation measure. 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 Lorain County Budget Commission must also approve estimated resources.

***Encumbrances***

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

A summary of 2020 budgetary activity appears in Note 3.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused compensation and vacation leave. These 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 Port Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Non-spendable*** The Port Authority classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Authority.

**LORAIN PORT AUTHORITY**  
**LORAIN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 2 – Summary of Significant Accounting Policies (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** The Port Authority's Board can *commit* amounts via formal action (resolution). The Port Authority must adhere to these commitments unless the Port Authority's 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 Port 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 12.

**Note 3 – Budgetary Activity**

Budget activity for the year ending December 31, 2020 follow:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,217,860	\$1,060,537	(\$157,323)
Special Revenue	46,667	46,667	-
Capital Projects	8,305,463	2,345,035	(5,960,428)
Total	\$9,569,990	\$3,452,239	(\$6,117,751)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,192,285	\$1,119,217	\$73,068
Special Revenue	52,487	52,435	52
Capital Projects	8,319,583	2,359,155	5,960,428
Total	\$9,564,355	\$3,530,808	\$6,033,547

**Note 4 – Deposits**

To improve cash management, cash received by the Port Authority is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Port Authority's deposits at December 31 was as follows:

**LORAIN PORT AUTHORITY**  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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**Note 4 – Deposits (continued)**

<b>Cash Management Pool:</b>	<b><u>2020</u></b>
Demand Deposit	<u>\$555,662</u>
Total Deposits	<u>\$555,662</u>

The Port Authority does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Port Authority is holding \$5,589 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateralized System (OPCS), 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.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Port Authority's Board adopts the rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Lorain County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Port Authority.

**Note 6 – Interfund Balances**

***Advances***

As of December 31, 2020, the Port had no outstanding advances.

***Transfers***

A transfer of \$11,667 from the General Fund to the Marine Patrol Program Special Revenue Fund represents the required grant match.

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Port Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**LORAIN PORT AUTHORITY**  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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**Note 7 – Risk Management (continued)**

***Commercial Insurance***

The Port Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials and Employees liability
- Faithful performance bonds

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Port Authority 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 survivors and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Port Authority contributed an amount equaling 14% of participants' gross salaries. The Port Authority has paid all contributions required through December 31, 2020.

**Note 9 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-direct plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

The Port Authority has no outstanding debt as of December 31, 2020.

***Conduit Debt***

The Port Authority issued (\$10,000,000) ten million dollars to Altenheim Properties, Inc. in variable rate Revenue Bonds, series 2012 on November 28, 2012. The account balance as of December 31, 2020 was \$3,915,003.

The Port Authority issued (\$6,225,000) six million two hundred twenty-five thousand-dollar bonds to Fairfax Renaissance Development Corporation in 2013 for nine years, due June 1, 2022. The account balance as of December 31, 2020 was \$3,643,000.

The Port Authority issued (\$7,800,000) seven million – eight hundred thousand dollars in Economic Development Revenue Bonds to Ohio Guidestone, series 2016 on June 7, 2016. Account balance on December 31, 2020 was \$6,281,417.

**LORAIN PORT AUTHORITY**  
**LORAIN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Note 10 – Debt Conduit Debt (continued)**

The Lorain Port Authority issued (\$7,600,000) seven million – six hundred thousand dollars in adjustable rate, Tax Exempt Revenue Bonds, Series 2018 to Horizon Education Centers Project on December 28, 2018. The account balance as of December 31, 2020 was \$7,000,000.

The Lorain Port Authority is not obligated in any way to pay debt related charges on the bonds from any of its funds, and therefore, they have been excluded entirely from the Lorain Port Authority’s debt presentation. There has not been and there is not currently any condition of default under the bonds of the related financing documents.

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Port Authority 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.

The Port Authority has a potential issue that could end up in litigation. There is an individual claiming injury in a slip and fall. The Port Authority has immunity and the injuries were minor in comparison to insurance coverage. Neither will pose any material reflection on the Port Authority’s financial statement.

**Note 12 – Fund Balances**

Included in fund balance are encumbrances which 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$50,090</u>	<u>\$110</u>	<u>\$0</u>	<u>\$50,200</u>
Total	<u>\$50,090</u>	<u>\$110</u>	<u>\$0</u>	<u>\$50,200</u>

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

Committed represent economic development funds set aside. The board of directors through resolution 2020-26 authorized and directed to put economic development project revenues towards economic development related activities. Economic development related revenues include project fees obtained from Port transactions including but not limited to any financing mechanism, incentive structure, project management agreement or contract associated with economic development, or lease of land for the benefit of economic development. It is the intention of putting these specific project revenues directly towards economic development activities to further the Strategic Plan, continue to grow current programs and devote in developing new ones, while having the funds necessary to invest to ensure economic development success. Economic development revenues will be utilized for projects including but not limited



**LORAIN PORT AUTHORITY**  
**LORAIN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Note 12 – Fund Balances (continued)**

to grant matches, loan funds, planning and technical services related to economic development, and property acquisition. The amount set aside in 2020 is \$149,006.

**Note 13 – Change in Accounting Principles**

For 2020, the Port Authority has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the statement of receipts, disbursements, and changes in fund balances (regulatory cash basis).

**Note 14 – 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 Port Authority. The impact on the Port Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 15 – Subsequent Events**

The Lorain Port and Finance Authority applied for the Ohio Department of Natural Resources 2020 Coastal Management Assistance Grant. This grant request is for \$100,000. and requires a 50% match. The LPFA is partnering with the Lorain County Metro Parks on this project and will be responsible for \$25,000 of the 50% match if awarded. This grant request will create a public access improvement along the Lake Erie Shoreline which will create a bike station with mapping, info kiosk, seating, harbor observation point and proper litter containers.

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LORAIN PORT AUTHORITY  
LORAIN COUNTY

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction			
Kelly's Island Ferry Boat Build	20.205	90204	\$ 1,419,249
Total Highway Planning and Construction			<u>1,419,249</u>
<b>Total U.S. Department of Transportation</b>			<u><b>1,419,249</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 1,419,249</b></u>

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

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
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 the Lorain Port Authority (the Authority) 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 Authority, it is not intended to and does not present the cash balances, receipts and disbursements by fund type of the Authority.

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

**NOTE D – MATCHING REQUIREMENTS**

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



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

Lorain Port Authority  
Lorain County  
319 Black River Lane  
Lorain, Ohio 44052

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020, and related notes of the Lorain Port Authority, Lorain County, (the Port Authority) and have issued our report thereon dated November 30, 2021, wherein we noted the Port Authority followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Port Authority.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Port Authority'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 Port Authority'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 Port Authority'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 Port Authority'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 Port Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Port Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 30, 2021



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

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

Lorain Port Authority  
Lorain County  
319 Black River Lane  
Lorain, Ohio 44052

To the Board of Directors:

***Report on Compliance for the Major Federal Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to opine on the Port Authority's compliance for the Port Authority's major federal program 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 Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Lorain Port Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

***Report on Internal Control Over Compliance***

The Port Authority'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 Port Authority'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 Port Authority'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

November 30, 2021



**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2020**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse – GAAP Basis Unmodified – Cash Regulatory Basis
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Highway Planning and Construction Kelly's Island Ferry Boat Build/CFDA #20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

# OHIO AUDITOR OF STATE KEITH FABER



**LORAIN PORT AUTHORITY**

**LORAIN 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 12/14/2021**

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