



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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Lorain Port Authority, Lorain County, Ohio (the Port Authority), which comprises the cash balances, receipts and disbursements for each governmental and fiduciary fund type combined total as of and for the year ended December 31, 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 and fiduciary fund type combined total as of and for the year ended December 31, 2021, and 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 Port Authority, as of December 31, 2021, 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 Port 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 Port Authority on the basis of financial reporting provisions of the 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.

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 Port 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 Port 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 on the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port 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.

Supplementary Information

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

The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management 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, and other additional procedures 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 September 22, 2022, 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. 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 Port 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 Port Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2022

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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, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$745,406			\$745,406
Charges for Services	382,668			382,668
Intergovernmental	118,127	\$78,074	\$2,719,959	2,916,160
Miscellaneous	45,696		1,067,857	1,113,553
<i>Total Cash Receipts</i>	<u>1,291,897</u>	<u>78,074</u>	<u>3,787,816</u>	<u>5,157,787</u>
Cash Disbursements				
Current:				
General Government	930,554			930,554
Security of Persons and Property	576	35,121		35,697
Leisure Time Activities	30,183			30,183
Basic Utility Services	50,073			50,073
Capital Outlay	63,971	32,175	3,787,816	3,883,962
<i>Total Cash Disbursements</i>	<u>1,075,357</u>	<u>67,296</u>	<u>3,787,816</u>	<u>4,930,469</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>216,540</u>	<u>10,778</u>	<u>0</u>	<u>227,318</u>
Other Financing Receipts (Disbursements)				
Transfers In		10,000	25,000	35,000
Transfers Out	(35,000)			(35,000)
Advances In	47,225	47,225		94,450
Advances Out	(47,225)	(47,225)		(94,450)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(35,000)</u>	<u>10,000</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	181,540	20,778	25,000	227,318
<i>Fund Cash Balances, January 1</i>	<u>555,468</u>	<u>194</u>	<u>0</u>	<u>555,662</u>
<i>Fund Cash Balances, December 31</i>	<u>\$737,008</u>	<u>\$20,972</u>	<u>\$25,000</u>	<u>\$782,980</u>

See accompanying notes to the basic financial statements

Lorain Port Authority
Lorain County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Other Custodial
Additions	
Charges for Services	\$2,500
Other Amounts Collected for Distribution	36,866
<i>Total Additions</i>	39,366
Deductions	
Other Distributions	36,866
<i>Total Deductions</i>	36,866
<i>Net Change in Fund Balance</i>	2,500
<i>Fund Cash Balance, January 1</i>	0
<i>Fund Cash Balance, December 31</i>	\$2,500

See accompanying notes to the basic financial statements

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 staggered four-year terms by the Mayor of Lorain, and approved by City Council of the City of Lorain. The Port Authority promotes economic development, supports the maritime industry, provides water safety and recreational programs, and sound public access to the waterfront and 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 and a statement of receipts, disbursements, and changes in fund balance (regulatory cash basis) for its fiduciary fund type 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 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 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 the boater education, safety and security of the waters in and around Lorain Ohio. The Marine Patrol Program is funded through a grant by Ohio Department of Natural Resources, Division of Parks and Watercraft.

Paddling Enhancement Fund This fund was used to design, build, and install an ADA compliant kayak launch on the Black River. The Paddling Enhancement fund is funded through a grant by the Ohio Department of Natural Resources, Division of Parks and Watercraft.

Inclusive Project Planning Fund This fund is used for a site area redevelopment analysis and strategic plan of three publicly controlled sites in the City of Lorain, Ohio. The Inclusive Project Planning fund is through JobsOhio, the City of Lorain, and the Port Authority.

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:

Kelleys 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.

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Port and Parks Lake Erie Bike Trail Station The National Oceanic and Atmospheric Administration (NOAA) made funds available create a bike trail. NOAA designated the Ohio Department of Natural Resources to administer the program.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Port Authority does not have any trust funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in the trust fund. The Port Authority's custodial funds account for Rockin' on the River concert ticket sales and Energy Special Improvement District funds.

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 Port Authority's 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 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 into the next year and does not need to be re-appropriated.

A summary of 2021 budgetary activity appears in Note 3.

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 Port Authority's Board of Directors can *commit* amounts via formal action (resolution). The Port Authority must adhere to these commitments unless the Port Authority's Board of Directors 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.

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,358,630	\$1,291,897	(\$66,733)
Special Revenue	111,475	88,074	(23,401)
Capital Projects	6,103,466	3,812,816	(2,290,650)
Total	\$7,573,571	\$5,192,787	(\$2,380,784)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,264,996	\$1,153,856	\$111,140
Special Revenue	111,669	67,352	44,317
Capital Projects	6,103,466	3,787,816	2,315,650
Total	\$7,480,131	\$5,009,024	\$2,471,107

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:

Cash Management Pool:	2021
Demand Deposit	\$785,480
Total Deposits	\$785,480

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, 2021, the Port Authority is holding \$8,359 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 if 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.

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, the Port Authority had no outstanding advances.

Transfers

A transfer of \$10,000 from the General Fund to the Inclusive Project Planning Special Revenue Fund represent the required grant match.

A transfer of \$25,000 from the General Fund to the Port & Parks Bike Trail Station Capital Project Fund represent 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.

Commercial Insurance

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

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

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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, 2021.

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 2021. The portion of employer contributions allocated to health care for members in the member-direct plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

The Port Authority has no outstanding debt as of December 31, 2021.

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, 2021 was \$2,985,003.

The Port Authority issued (\$6,225,000) six million two hundred twenty-five thousand-dollar bonds to Fairfax Renaissance Development Corporation in 2019, due June 1, 2022. The account balance as of December 31, 2021 was \$3,404,000.

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 as of December 31, 2021 was \$6,064,697.

The 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, 2021 was \$6,700,000.

The 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 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.

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

Note 12 – Fund Balances

Included in fund balance are amounts the Port Authority cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the un-expendable 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 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	\$43,499	\$56	\$43,555
Total	\$43,499	\$56	\$43,555

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 Authority 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 to grant matches, loan funds, planning and technical services related to economic development, and property acquisition. The amount set aside as of December 31, 2021 is \$414,403.

Note 13 – 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 Port Authority did not receive COVID-19 funding. The impact on the Port Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

LORAIN PORT AUTHORITY
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 14 – Subsequent Events

In November 2021, the Port Authority applied for a U.S. Environmental Protection Agency, Brownfield Assessment grant for \$500,000. These grants are awarded in spring of 2022. Brownfield Assessment Grants provide funding for a grant recipient to inventory, characterize, assess, conduct a range of planning activities, develop site-specific cleanup plans, and conduct community involvement related to Brownfield sites. The performance period for these grants is three years.

LORAIN PORT AUTHORITY
LORAIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION <i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Kelly's Island Ferry Boat Build	20.205	90204	\$ 2,715,086
Total Highway Planning and Construction			<u>2,715,086</u>
Total U.S. Department of Transportation			<u>2,715,086</u>
Total Expenditures of Federal Awards			<u>\$ 2,715,086</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, 2021**

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, 2021. 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 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 cash balances, receipts, and disbursements for each governmental and fiduciary fund type combined total as of and for the year ended December 31, 2021 and related notes of the financial statements of the Lorain Port Authority, Lorain County, (the Port Authority) and have issued our report thereon dated September 22, 2022, wherein we noted the Port Authority followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port 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 Port Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port 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 Port 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 Port 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 Port 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 Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2022

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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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

Opinion on the Major Federal Program

We have audited Lorain Port Authority's (the Port Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Lorain Port Authority's major federal program for the year ended December 31, 2021. Lorain Port Authority's major federal program is identified in the *Summary of Auditor's Results* in the accompanying schedule of findings.

In our opinion, Lorain Port Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2022

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**LORAIN PORT AUTHORITY
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

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 9/29/2022

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