



**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006-2007**



**Mary Taylor, CPA**  
Auditor of State



LORAIN PORT AUTHORITY  
LORAIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2007 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Prior Audit Findings.....	15

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**Mary Taylor, CPA**  
Auditor of State

Lorain Port Authority  
Lorain County  
611 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 5, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Lorain Port Authority  
Lorain County  
611 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Directors:

We have audited the accompanying financial statements of Lorain Port Authority, Lorain County, (the Port Authority) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Port Authority processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Port Authority because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Port Authority has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Port Authority's larger (i.e. major) funds separately. While the Port Authority does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require port authorities to reformat their statements. The Port Authority has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP

basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Port Authority as of December 31, 2007 and December 31, 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Lorain Port Authority, Lorain County, as of December 31, 2007 and December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Port Authority has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

September 5, 2008

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND CERTAIN FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$848,416	\$0	\$0	\$0	\$848,416
Intergovernmental	174,452	103,400	0	0	277,852
Leases and Rentals	59,041	0	0	232,387	291,428
Permits and Fees	30,680	0	0	0	30,680
Earnings on Investments	19,029	0	0	0	19,029
Miscellaneous	29,689	0	0	0	29,689
<b>Total Cash Receipts</b>	<b>1,161,307</b>	<b>103,400</b>	<b>0</b>	<b>232,387</b>	<b>1,497,094</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	221,328	19,126	116	0	240,570
Supplies	21,819	0	0	0	21,819
Travel, Education, Dues, and Publications	8,479	0	0	0	8,479
Promotion and Development	114,670	0	0	0	114,670
Rent and Utilities	75,684	0	0	0	75,684
Repairs and Maintenance	338	0	0	0	338
Insurance	100,910	0	0	0	100,910
Professional Services	41,271	0	0	0	41,271
Property Management	166,122	0	0	0	166,122
ODNR Lease	35,488	0	0	0	35,488
Loan Repayment, City and State	18,202	0	0	232,387	250,589
Miscellaneous	95,304	15,574	0	0	110,878
Capital Outlay	1,261	124,792	0	0	126,053
Capital Improvements	162,409	0	0	0	162,409
<b>Total Cash Disbursements</b>	<b>1,063,285</b>	<b>159,492</b>	<b>116</b>	<b>232,387</b>	<b>1,455,280</b>
Total Receipts Over/(Under) Disbursements	98,022	(56,092)	(116)	0	41,814
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	0	11,650	0	0	11,650
Transfers-Out	(11,650)	0	0	0	(11,650)
Advances-In	24,500	21,500	0	0	46,000
Advances-Out	(21,500)	(24,500)	0	0	(46,000)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(8,650)</b>	<b>8,650</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	89,372	(47,442)	(116)	0	41,814
Fund Cash Balances, January 1, 2007	372,361	53,721	116	0	426,198
<b>Fund Cash Balances, December 31, 2007</b>	<b>\$461,733</b>	<b>\$6,279</b>	<b>\$0</b>	<b>\$0</b>	<b>\$468,012</b>
Reserve for Encumbrances, December 31, 2007	\$79,443	\$0	\$0	\$0	\$79,443

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

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND CERTAIN FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$870,357	\$0	\$0	\$0	\$870,357
Intergovernmental	139,166	126,920	39,874	0	305,960
Leases and Rentals	87,294	0	0	232,387	319,681
Permits and Fees	46,169	0	0	0	46,169
Earnings on Investments	17,467	0	0	0	17,467
Miscellaneous	39,930	0	0	0	39,930
<b>Total Cash Receipts</b>	<b>1,200,383</b>	<b>126,920</b>	<b>39,874</b>	<b>232,387</b>	<b>1,599,564</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	231,073	17,248	40,990	0	289,311
Supplies	6,909	0	0	0	6,909
Travel, Education, Dues, and Publications	6,793	0	0	0	6,793
Promotion and Development	109,053	0	0	0	109,053
Rent and Utilities	73,483	0	0	0	73,483
Repairs and Maintenance	225	0	0	0	225
Insurance	87,596	0	2,868	0	90,464
Professional Services	52,250	0	0	0	52,250
Property Management	168,581	0	0	0	168,581
ODNR Lease	16,192	0	0	0	16,192
Loan Repayment, City and State	18,202	0	0	232,387	250,589
Miscellaneous	106,922	19,344	0	0	126,266
Capital Outlay	842	101,409	3,329	0	105,580
Capital Improvements	316,911	0	0	0	316,911
<b>Total Cash Disbursements</b>	<b>1,195,032</b>	<b>138,001</b>	<b>47,187</b>	<b>232,387</b>	<b>1,612,607</b>
Total Receipts Over/(Under) Disbursements	5,351	(11,081)	(7,313)	0	(13,043)
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	0	52,667	0	0	52,667
Transfers-Out	(52,667)	0	0	0	(52,667)
Advances-In	0	3,000	0	0	3,000
Advances-Out	(3,000)	0	0	0	(3,000)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(55,667)</b>	<b>55,667</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(50,316)	44,586	(7,313)	0	(13,043)
Fund Cash Balances, January 1, 2006	422,677	9,135	7,429	0	439,241
<b>Fund Cash Balances, December 31, 2006</b>	<b>\$372,361</b>	<b>\$53,721</b>	<b>\$116</b>	<b>\$0</b>	<b>\$426,198</b>
Reserve for Encumbrances, December 31, 2006	\$42,659	\$133,070	\$0	\$0	\$175,729

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

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Lorain Port Authority (the Port Authority) is a body corporate and politic 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 terms by the Mayor of the City of Lorain. The Port Authority provides water safety and recreational programs, promotes economic development and sound waterfront management.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Port Authority 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

The Port Authority's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Fund Accounting**

The Port Authority uses fund accounting to segregate cash and investments that are restricted as to use. The Port Authority classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Port Authority had the following significant Special Revenue Funds:

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Shuttle Boat Fund - This fund is used to purchase shuttle boats for the Port Authority.

Marine Patrol Fund – This fund is used to account for the activities related to the Port Authority’s Marine Patrol Program.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Port Authority had the following significant capital project fund.

Colorado Industrial Park Fund – This fund is used to account for the activity related to various construction activities for the Colorado Industrial Park.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Port Authority’s own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Port Authority disburses these funds as directed by the individual, organization or other government. The Port Authority’s agency fund accounts for the activity related to various construction activities for Advanced Automotive Systems facilities.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. 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 Board of Directors must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. 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 be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and compensatory time (hourly employees only). The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Cash and Investments**

The Port Authority maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2006	2007
Demand deposits	\$30,807	\$34,370
Total deposits	30,807	34,370
Repurchase agreement	395,391	433,642
Total investments	395,391	433,642
Total deposits and investments	\$426,198	\$468,012

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,331,269	\$1,161,307	(\$169,962)
Special Revenue	127,227	115,050	(12,177)
Capital Projects	0	0	0
Agency	232,387	232,387	0
Total	\$1,690,883	\$1,508,744	(\$182,139)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,398,598	\$1,154,378	\$244,220
Special Revenue	177,451	159,492	17,959
Capital Projects	116	116	0
Agency	232,387	232,387	0
Total	\$1,808,552	\$1,546,373	\$262,179

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,190,730	\$1,200,283	\$9,553
Special Revenue	271,057	179,587	(91,470)
Capital Projects	39,873	39,874	1
Agency	232,387	232,387	0
Total	\$1,734,047	\$1,652,131	(\$81,916)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,409,974	\$1,290,358	\$119,616
Special Revenue	280,192	271,071	9,121
Capital Projects	47,302	47,187	115
Agency	232,387	232,387	0
Total	\$1,969,855	\$1,841,003	\$128,852

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Directors adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

Public utilities are also taxed on personal and real property located within the Port Authority's jurisdiction.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. Conduit Debt**

The Port Authority has issued two series of Port Development Refunding Revenue Bonds and two series of Industrial Development Revenue Bonds in the aggregate outstanding principal amount of \$11,955,000 and \$12,725,000 at December 31, 2007 and December 31, 2006, respectively, for facilities used by private corporations. The Port Authority is not obligated in any way to pay debt related charges on the bonds from any of its funds; therefore, the charges 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.

**6. Loans**

Loans outstanding at December 31, 2007 and December 31, 2006 were as follows:

	Principal Outstanding		Interest Rates
	12/31/2007	12/31/2006	
CDBG Section 108 Revolving Loans	\$679,971	\$733,655	4.25 to 8.5%
EDA Title IX Loans	663,577	720,986	3.0 to 5.75%
Business Development Revolving Loans	522,595	567,913	3.0 to 3.25%
Total	\$1,866,143	\$2,022,554	

The above loans relate to the Advanced Automotive Systems (AAS) project. The terms of the agreement with AAS requires rental payments equal to the principal and interest due on the loans. The loans will be repaid in monthly installments, including interest, over a period up to 20 years.

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. Loans (Continued)**

Amortization of the above loans, including interest, is scheduled as follows:

Year ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$162,367	\$70,021	\$232,388
2009	165,559	63,829	229,388
2010	175,000	56,387	231,387
2011	181,700	50,688	232,388
2012	188,671	43,717	232,388
2013-2017	992,846	57,231	1,050,077
Total	<u>\$1,866,143</u>	<u>\$341,873</u>	<u>\$2,208,016</u>

**7. Retirement System**

The 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 the plan benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, of their gross salaries and the Port Authority contributed an amount equaling 13.85 and 13.70%, respectively of participants' gross salaries. The Port Authority has paid all contributions required through December 31, 2007.

**8. Risk Management**

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

- Comprehensive property and general liability;
- Vehicles;
- Public Officials and employee liability; and
- Faithful performance bonds.

The Port Authority provides health insurance to full-time employees through Lorain County.

**9. Subsequent Event**

On June 10, 2008, the Board of Directors authorized the issuance and sale of up to \$6,000,000 economic development revenue bonds for the purpose of making a loan to assist Horizon Activities Center in financing the costs of port authority facilities.



# Mary Taylor, CPA

Auditor of State

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

Lorain Port Authority  
Lorain County  
611 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Directors:

We have audited the financial statements of the Lorain Port Authority, Lorain County, (the Port Authority) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated September 5, 2008, wherein we noted the Port Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Port Authority uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Port Authority. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Port Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Port Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Port Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Port Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Port Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Port Authority's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Port Authority's management in a separate letter dated September 5, 2008.

### **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 determination of financial statement amounts. However, providing an opinion 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*.

We did note certain noncompliance or other matters that we reported to the Port Authority's management in a separate letter dated September 5, 2008.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	ORC section 121.22(F) – Adoption of formal action outside of open public meeting	Fully Corrected	





**Mary Taylor, CPA**  
Auditor of State

**LORAIN PORT AUTHORITY**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 30, 2008**