



Dave Yost • Auditor of State



**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2015 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2014 .....	6
Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) – Fiduciary Fund Type - For the Year Ended December 31, 2014 .....	7
Notes to the Financial Statements .....	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17

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# Dave Yost • Auditor of State

## 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 by fund type, and related notes of the Lorain Port Authority, Lorain County, (the Authority) as of and for the years ended December 31, 2015 and 2014.

### ***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 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 Authority's internal control. Accordingly, we express no 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 1 of the financial statements, the 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 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 Authority as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Lorain Port Authority, Lorain County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 19, 2016

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**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$662,700			\$662,700
Charges for Services	128,850			128,850
Intergovernmental	134,547	\$285,765		420,312
Earnings on Investments	1			1
Miscellaneous	5,891			5,891
<i>Total Cash Receipts</i>	<u>931,989</u>	<u>285,765</u>		<u>1,217,754</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	5,070	44,658		49,728
Leisure Time Activities	51,265			51,265
Basic Utility Services	55,015			55,015
General Government	729,131	153,479		882,610
Capital Outlay	18,651	131,086	32,380	182,117
<i>Total Cash Disbursements</i>	<u>859,132</u>	<u>329,223</u>	<u>32,380</u>	<u>1,220,735</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>72,857</u>	<u>(43,458)</u>	<u>(32,380)</u>	<u>(2,981)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	2,877	41,834	33,685	78,396
Transfers Out	(75,519)	(1,572)	(1,305)	(78,396)
Advances In	101,520	101,520		203,040
Advances Out	(101,520)	(101,520)		(203,040)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(72,642)</u>	<u>40,262</u>	<u>32,380</u>	
<i>Net Change in Fund Cash Balances</i>	215	(3,196)		(2,981)
<i>Fund Cash Balances, January 1</i>	<u>386,414</u>	<u>4,290</u>		<u>390,704</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,094		1,094
Assigned	100,580			100,580
Unassigned	286,049			286,049
<i>Fund Cash Balances, December 31</i>	<u>\$386,629</u>	<u>\$1,094</u>		<u>\$387,723</u>

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

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$679,828			\$679,828
Charges for Services	154,718			154,718
Intergovernmental	148,951	\$64,797	\$33,827	247,575
Earnings on Investments	1			1
Miscellaneous	75,000	1,001		76,001
<i>Total Cash Receipts</i>	<u>1,058,498</u>	<u>65,798</u>	<u>33,827</u>	<u>1,158,123</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	5,625	40,827		46,452
Leisure Time Activities	62,729			62,729
Basic Utility Services	60,854			60,854
General Government	801,586	30,350		831,936
Capital Outlay	72,420	1,724	251,452	325,596
<i>Total Cash Disbursements</i>	<u>1,003,214</u>	<u>72,901</u>	<u>251,452</u>	<u>1,327,567</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>55,284</u>	<u>(7,103)</u>	<u>(217,625)</u>	<u>(169,444)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	53,345	10,667	217,625	281,637
Transfers Out	(228,292)			(228,292)
Other Financing Sources	6,000			6,000
Other Financing Uses	(6,000)			(6,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(174,947)</u>	<u>10,667</u>	<u>217,625</u>	<u>53,345</u>
<i>Net Change in Fund Cash Balances</i>	<u>(119,663)</u>	<u>3,564</u>		<u>(116,099)</u>
<i>Fund Cash Balances, January 1</i>	<u>506,077</u>	<u>726</u>		<u>506,803</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		4,290		4,290
Assigned	179,961			179,961
Unassigned (Deficit)	206,453			206,453
<i>Fund Cash Balances, December 31</i>	<u>\$386,414</u>	<u>\$4,290</u>		<u>\$390,704</u>

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

LORAIN PORT AUTHORITY  
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Non-Operating (Disbursements)</b>	
Transfers Out	<u>(\$53,345)</u>
<i>Net Change in Fund Cash Balances</i>	(53,345)
<i>Fund Cash Balances, January 1</i>	<u>53,345</u>
<i>Fund Cash Balances, December 31</i>	<u><u>                    </u></u>

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

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**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Lorain Port Authority, Lorain County (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 four year terms by the Mayor and approved by City Council of the City of Lorain. The Port Authority provides water safety and recreational programs, promotes economic development and sound waterfront management.

The Port Authority has entered into an agreement with the City of Lorain to administer and manage its Tax Incremental Financing. The City of Lorain currently has over ten districts and is adding others as development occurs. These districts are a means by which to make infrastructure related improvements within the vicinity of the district.

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 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 Port Authority's Board of Directors recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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 Funds:

USEPA Brownfield Assessment Grant for Hazardous Waste – This fund is utilized to assess property that may have hazardous waste.

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

USEPA Brownfield Assessment Grant Petroleum – This fund is utilized to assess property that may have petroleum or related environmental issues.

Marine Patrol Program – This fund is used to account for the activities related to the Port Authority's Marine Patrol Program, which is funded through a grant by ODNR, Division of Watercraft.

Ohio EPA Litter Clean-up & Tire Amnesty – This fund is a grant to conduct clean ups along the Black River and Lake Erie shoreline in Lorain, Ohio.

Picnic Pavilion – This fund is a combination of two grants as well as local funds to build a picnic pavilion at the Black River Landing festival site. The first grant is through the Ohio State Capital Improvements, Community Recreation Project. The second grant is from the Lorain County Solid Waste Management District.

Fireworks Fund – This fund is made up of donations for the fireworks display on the 4<sup>th</sup> of July.

**3. 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 Capital Projects Fund:

Ferry Terminal Building – The Port Authority was awarded a \$475,000 grant through the Ferry Boat Discretionary Fund Program to construct a Ferry Terminal Building on Black River Landing. During 2013, this building was constructed at a cost of \$900,000. The building contains ticketing space, restrooms and administrative offices. This project was completed and final payment was made in 2015.

**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. The Port Authority does not have private purpose trust funds.

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.

**D. Budgetary Process**

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

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Appropriations**

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

**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 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 2015 and 2014 budgetary activity appears in Note 3.

**E. 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:

**1. Nonspendable**

The Port Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. 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.

**3. Committed**

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

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Port Authority's Board of Directors or a Port Authority official delegated that authority by resolution, or by State Statute.

**5. 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.

**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 leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2015</u>	<u>2014</u>
Demand deposits	\$387,723	\$390,704

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



**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$996,333	\$934,866	(\$61,467)
Special Revenue	331,895	327,599	(4,296)
Capital Projects	163,555	33,685	(129,870)
Total	\$1,491,783	\$1,296,150	(\$195,633)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,150,527	\$996,225	\$154,302
Special Revenue	335,388	331,069	4,319
Capital Projects	163,555	33,685	129,870
Total	\$1,649,470	\$1,360,979	\$288,491

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,221,819	\$1,117,843	(\$103,976)
Special Revenue	360,690	76,465	(284,225)
Capital Projects	298,235	251,452	(46,783)
Total	\$1,880,744	\$1,445,760	(\$434,984)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,598,865	\$1,263,273	\$335,592
Special Revenue	360,735	73,201	287,534
Capital Projects	298,235	251,452	46,783
Fiduciary	53,345	53,345	0
Total	\$2,311,180	\$1,641,271	\$669,909

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Port Authority's 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.

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

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 issued eight and one half million dollars in variable rate Demand Industrial Revenue Bonds for Brush Wellman, series 1996 for 20 years.

The Port Authority issued six million dollars in variable rate Civic Facility Revenue Bonds for Horizon Activities Center, series 2008 for 20 years.

The Port Authority issued six million-two hundred-twenty-five thousand dollars bonds to Fairfax Renaissance Development Corporation in 2013 for nine years, due June 1, 2022.

The Port Authority issued ten million dollars in Bonds to The Altenheim Properties, Inc. on November 28, 2012.

As of December 31, 2015, there were four series of Revenue Bonds outstanding, with an aggregate principal amount payable as follows:

Altenheim Properties, Inc.	\$ 7,975,000
Brush Wellman	8,305,000
Fairfax	5,185,000
Horizon	<u>3,140,000</u>
Total Outstanding 12/31/15	<u>\$ 24,605,000</u>

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.

**6. LOAN**

The Port Authority has no outstanding loans as of December 31, 2015.

On March 11, 2014 the Port Authority Board of Directors ratified a promissory note to The Port of Lorain Foundation, Inc. in the amount of \$6,000. The Port of Lorain Foundation, Inc. received a reimbursable grant through the Ohio Cultural Commission to display the original Lorain Fresnel Lens in the Port Authority's new Ferry Terminal Building. Therefore, there was a need to assist them in this matter. The repayment date was due by May 21, 2014. The Port of Lorain Foundation, Inc. repaid this note in two installments. The first payment on February 26, 2014 for \$600 with Receipt No. 17-2014 and the final payment on April 16, 2014 for \$5,400 with Receipt No. 31-2014.

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Port Authority contributed an amount equaling 14%, respectively, of participants' gross salaries. The Port Authority has paid all contributions required through December 31, 2015.

**8. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability;
- Vehicles;
- Professional (directors and officers) liability; and
- Errors and omissions.

**9. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Port Authority are subject to audit and adjustment by the grantor. 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.

**10. POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**11. INTERFUND BALANCES**

At December 31, 2015 there were no unpaid interfund cash advances.

**LORAIN PORT AUTHORITY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**12. INTERFUND TRANSFERS**

Transfers during fiscal year 2014 consisted of the following:

	General	Agency	Total Transfers In
Transfer to:			
General		\$ 53,345	\$ 53,345
Special Revenue	\$ 10,667		10,667
Capital Projects	217,625		217,625
Total Transfers Out	\$ 228,292	\$ 53,345	\$ 281,637

Transfers from the General Fund to the Marine Patrol Program special revenue fund and the Ferry Terminal Building capital projects fund were to financially support these grants.

The Advanced Automotive agency fund transferred its unexpended balance to the General Fund in lieu of deferred administrative fees.

Transfers during fiscal year 2015 consisted of the following

	General	Special Revenue	Capital Projects	Total Transfers In
Transfer to:				
General		\$ 1,572	\$ 1,305	\$ 2,877
Special Revenue	\$ 41,834			41,834
Capital Projects	33,685			33,685
Total Transfers Out	\$ 75,519	\$ 1,572	\$ 1,305	\$ 78,396

Transfers from the General Fund to the Marine Patrol Program, OEP Litter Clean Up, Picnic Pavilion special revenue funds and the Ferry Terminal Building capital projects fund were to financially support these programs/grants.

The OEP Litter Clean Up and the Firework special revenue funds transferred unexpended balances to the General Fund. The Terminal Building capital projects fund transferred its unexpended balance to the General Fund. This transaction was due to special circumstances related to the close out of this project. Final payment was reduced due to non-payment of a utility expense (electric) by the project contractor during project construction.



# Dave Yost • Auditor of State

## 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 by fund type of the Lorain Port Authority, Lorain County, Ohio (the Authority) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated October 19, 2016 wherein we noted the Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the 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 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 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 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, 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*.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 19, 2016



# Dave Yost • 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  
NOVEMBER 10, 2016