



**NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Northeast Ohio Trade and Economic Consortium
Portage County
Kent State University
Administrative Services Building
Kent, Ohio 44242

To the Regional Council:

We have audited the accompanying financial statements of Northeast Ohio Trade and Economic Consortium, Portage County, Ohio, (NEOTEC) as of and for the year ended December 31, 2000. These financial statements are the responsibility of NEOTEC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, NEOTEC prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of NEOTEC as of December 31, 2000, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2001 on our consideration of NEOTEC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *General Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, the Regional Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 25, 2001

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**NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$28,520	\$0	\$28,520
Membership Dues	180,000		180,000
Fees	55,417		55,417
Other	6,044		6,044
 Total Cash Receipts	 269,981	 0	 269,981
Cash Disbursements:			
Current:			
Supplies	7,421	4,085	11,506
Professional services	83,920	107,557	191,477
Legal services	10,002	20,969	30,971
Travel, meals and lodging	47,714	2,740	50,454
Marketing and promotion	16,899	33,105	50,004
Utilities	122		122
Other	6,576	1,600	8,176
Capital outlay	2,439	390	2,829
 Total Cash Disbursements	 175,093	 170,446	 345,539
 Total Cash Receipts Over/(Under) Cash Disbursements	 94,888	 (170,446)	 (75,558)
Fund Cash Balances, January 1	288,968	165,214	454,182
 Fund Cash Balances, December 31	 \$383,856	 (\$5,232)	 \$378,624

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

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**NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Northeast Ohio Trade and Economic Consortium (NEOTEC) is a joint office of economic development established to provide for the operation of a program of economic development through the advantages of a collaborative effort to promote trade, business growth and economic opportunities throughout Northeast Ohio. NEOTEC is directed by an appointed six-member Regional Council as provided in Division (B) of Ohio Rev. Code Section 307.07. The Regional Council is comprised of one representative from each participating member county. The member counties are Summit, Columbiana, Mahoning, Portage, Stark and Trumbull. NEOTEC also grants associate memberships to other governments.

NEOTEC's management believes these financial statements present all activities for which NEOTEC is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when they are earned, and disbursements are recognized when they are paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

NEOTEC maintains a general checking account.

D. Fund Accounting

NEOTEC uses fund accounting to segregate cash that is restricted as to use. NEOTEC classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. NEOTEC had the following significant Special Revenue Fund:

Ohio Department of Transportation Intermodal Transportation Demonstration Grant Fund - This fund received grant awards for the operating expenses of NEOTEC and for land acquisition to support the orderly growth and expansion of intermodal transportation facilities.

**NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

NEOTEC's bylaws require that each fund be budgeted annually. NEOTEC adopts a "Certificate of the Total Amount Available for Expenditure and Balances" and an "Annual Appropriation Resolution" on an annual basis.

A summary of 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

NEOTEC maintains a cash pool used by all funds. The carrying amount of cash at December 31 follows:

Demand deposits \$378,624

Deposits:

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$230,000	\$269,981	\$39,981
Special Revenue	0	0	0
Total	\$230,000	\$269,981	\$39,981

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$194,786	\$175,093	\$19,693
Special Revenue	165,214	170,446	(5,232)
Total	\$360,000	\$345,539	\$14,461

Special Revenue Fund appropriations were based on the December 31, 1999 fund cash balance.

**NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(CONTINUED)**

4. DEFICIT BALANCE

The deficit fund cash balance in the Special Revenue Fund will be alleviated by a transfer from the General Fund.

5. FUNDING SOURCES

NEOTEC receives the majority of its revenues from County and associate membership dues and foreign trade zone fees. These dues and fees support the operations and administration of NEOTEC.

6. RISK MANAGEMENT

NEOTEC has obtained commercial insurance for the following risks:

- General liability
- Public officials' liability

7. RELATED PARTY TRANSACTIONS

During 2000, NEOTEC utilized certain Summit County employees and office space without reimbursement to Summit County.

8. RESTRUCTURING

The Northeast Ohio Joint Office Economic Development (dba Northeast Ohio Trade & Economic Consortium) operated through a Regional Council to undertake its regional economic development programs through September 15, 2000. On September 15, 2000, the Northeast Ohio Joint Office of Economic Development dissolved the Regional Council and entered into a services agreement with a newly created Ohio nonprofit corporation, the Northeast Ohio Joint Office of Economic Development, Inc., to perform its regional economic development programs under contract.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Northeast Ohio Trade and Economic Consortium
Portage County
Kent State University
Administrative Services Building
Kent, Ohio 44242

To the Regional Council:

We have audited the accompanying financial statement of Northeast Ohio Trade and Economic Consortium, Portage County, Ohio, (NEOTEC) as of and for the year ended December 31, 2000, and have issued our report thereon dated April 25, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether NEOTEC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of NEOTEC in a separate letter dated April 25, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NEOTEC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of NEOTEC in a separate letter dated April 25, 2001.

Northeast Ohio Trade and Economic Consortium
Portage County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and the Regional Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 25, 2001



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NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM

PORTAGE 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
JUNE 12, 2001**