

SUMMIT COUNTY PORT AUTHORITY

FINANCIAL STATEMENTS

December 31, 2008 and 2007

bmf



Mary Taylor, CPA

Auditor of State

Board of Trustees
Summit County Port Authority
One Cascade Plaza
Floor 19
Akron, Ohio 44308-1125

We have reviewed the *Independent Auditors' Report* of the Summit County Port Authority, Summit County, prepared by Bober, Markey, Fedorovich & Company, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Summit County Port Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 9, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Summit County Port Authority
Akron, Ohio

We have audited the accompanying balance sheets of the Summit County Port Authority, (the "Authority") as of December 31, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Summit County Port Authority as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



BOBER, MARKEY, FEDOROVICH & COMPANY

June 15, 2009

SUMMIT COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

General

The Management of the Summit County Port Authority (the "Authority") provides the readers of the Authority's financial statements this brief narrative overview of the financial activities of the Authority for the fiscal year ended December 31, 2008.

The Authority is an independent political subdivision of the State of Ohio. The Authority was established for the purpose of providing economic development financing activities in Summit County, Ohio. Since then the Authority has expanded its service capacity through Cooperative Agreements with several neighboring counties. The Authority engages in this activity by managing financing activities through issuance of revenue bonds. In addition, the Authority also provides Foreign-Trade Zone management and administrative services and the Authority is co-developer of an industrial park adjacent to the Akron-Canton Airport, whereby ground rental income is derived as tenants locate at the park.

Overview

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority engages in economic development finance activities that are stand-alone and/or bond fund projects. Stand-alone projects have included the Summa Health Centers for Excellence, the Akron Civic Theater, the Summa Hudson Wellness Center projects and others.

In 2008 a stand-alone conduit financing was done for the corporate headquarters of Snap-on Business Solutions, located in Richfield, Ohio. Bond fund projects are projects issued through the Authority's common bond fund. There are only five Port Authority Bond Funds in Ohio.

It is noteworthy to consider the following regarding all of the Authority's finance projects:

1. All stand-alone transactions require the lender to look only to the borrower's lease or debt service payments and any certain specific revenue sources and cash reserves to provide funds sufficient to meet lease payments and/or debt service payments.
2. All bond fund transactions require the lender to look only to the borrower lease or loan payments for debt service unless a default arises, in which case the reserve mechanisms in the bond fund will make the debt service payments to the extent sufficient funds are available.

Bond Fund transactions in 2008 include the Portage County - Plaza/Schroer Project tax increment financing and Digestive Disease Consultants of Medina, Inc. in Medina County.

Major events during the year affecting the Authority financial assets include:

1. The execution of the Consent Agreement & Final Order (CAFO) with the United States Environmental Protection Agency (USEPA) Region 5 and Lockheed Martin to accept and approve the remediation work performed at the Airdock. With acceptance of this agreement, work on Lockheed's High Altitude Airship (HAA™), Aerostats and other inflatable structures can now proceed.

SUMMIT COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

2. The Authority also pursued legal action against the Township of Twinsburg in Summit County, finding the township in default under its obligations through a financing lease with the Authority. The township appropriated rent, and then subsequently rescinded the appropriation.

The Authority forced the Township to vacate the premises and is now seeking damages as prescribed in the lease. The Board of the Authority previously authorized, by resolution, to make restricted funds available to meet debt service obligations, at its discretion, in the event of a default by a client of the Authority Bond Fund. During 2008, the Authority expended \$369,966.61 on the Twinsburg facility for debt service and building expenses. At 12/31/08, restricted funds still available were \$709,304.94.

3. The State of Ohio Bond Fund interest income was not paid as required on 12/31/07 by the Trustee. Therefore, a payable was made to the State for the prior year. The prior year is being re-stated to properly reflect this transaction and obligation. The prior year income is reduced to correspond with this payable to the State of Ohio.

Condensed Financial Information

Provided below is condensed balance sheet information for the Authority as of December 31, 2008, 2007 and 2006:

	2008	As Restated 2007	2006
Assets			
Current assets	\$ 1,299,027	\$ 990,744	\$ 1,528,754
Property	1,450,000	1,475,000	1,500,000
Restricted and other assets	65,627,120	59,082,346	44,141,554
Total assets	<u>\$ 68,376,147</u>	<u>\$ 61,548,090</u>	<u>\$ 47,170,308</u>
Liabilities and Net Assets			
Current liabilities	\$ 2,401,275	\$ 288,196	\$ 171,335
Other liabilities	57,920,318	53,058,916	39,451,112
Net assets-unrestricted and invested in capital assets	3,054,554	3,200,978	2,547,861
Net assets-restricted	5,000,000	5,000,000	5,000,000
Total liabilities and net assets	<u>\$ 68,376,147</u>	<u>\$ 61,548,090</u>	<u>\$ 47,170,308</u>

SUMMIT COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

The Authority's operations net assets (decreased) / increased by (\$146,424), \$244,681 and \$408,426 in 2008, 2007 and 2006, respectively. Key elements of these changes are summarized below:

	2008	As Restated 2007	2006
Operating Revenues			
Loan processing fees	\$ 103,405	\$ 171,301	\$ 207,600
Grant	125,000	160,000	175,000
Other operating revenues	451,660	370,793	318,099
Total operating revenues	<u>680,065</u>	<u>702,094</u>	<u>700,699</u>
Operating expenses			
Salaries and benefits	381,120	397,443	362,708
Other operating expenses	642,168	336,227	195,352
Total operating expenses	<u>1,023,288</u>	<u>733,670</u>	<u>558,060</u>
Operating income	(343,223)	(31,576)	142,639
Nonoperating revenue			
Interest income	196,799	276,257	265,787
Total nonoperating revenue	<u>196,799</u>	<u>276,257</u>	<u>265,787</u>
Net increase in net assets	<u>\$ (146,424)</u>	<u>\$ 244,681</u>	<u>\$ 408,426</u>

Operating revenues: Loan processing fees and other operating revenues decreased as a result of slowing economic conditions and the County's decision to reduce the Authority operating grant.

Operating expenses: Expenses increased substantially due to expenses related to payments made by the Authority towards the Twinsburg Township project as discussed above when the township failed to meet its obligation to the Authority.

SUMMIT COUNTY PORT AUTHORITY
BALANCE SHEETS
December 31, 2008 and 2007

	2008	As Restated 2007
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash	\$ 965,895	\$ 959,876
Miscellaneous receivables	286,603	14,706
Administrative fees receivable	5,707	7,669
Prepaid expenses	40,822	8,493
TOTAL CURRENT ASSETS	1,299,027	990,744
 NONCURRENT ASSETS		
Restricted Assets:		
Cash - board restricted	2,829,931	1,218,541
Investment in Greater Akron Investment Partners	124,540	-
Restricted cash - Bond Fund Program Reserve	5,000,750	5,111,906
Building - Airdock, net of accumulated depreciation of \$50,000 and \$25,000 at December 31, 2008 and 2007, respectively	1,450,000	1,475,000
Note receivable - Akron Civic Theater	1,140,829	1,175,829
Lease receivable - Akron Civic Theater	14,261,070	14,381,070
Bond fund transactions:		
Note receivable - Garfield Heights project	2,650,000	2,750,000
Note receivable - Goodyear project	4,145,000	4,655,000
Note receivable - Village of Seville project	1,860,000	1,920,000
Note receivable - Twinsburg project	5,260,000	5,430,000
Note receivable - Summit County Workforce Policy project	4,650,000	4,785,000
Note receivable - Portage County Brimfield project	2,475,000	2,475,000
Note receivable - Lockheed/Martin Airdock project	1,655,000	1,970,000
Note receivable - Hiney Printing project	1,345,000	1,420,000
Note receivable - Exal Corporation project	2,430,000	2,675,000
Note receivable - Superior Roll Forming project	3,030,000	3,115,000
Note receivable - Cavalier project	5,830,000	6,000,000
Note receivable - Plaza Schroer project	940,000	-
Note receivable - Digestive Disease project	6,000,000	-
Total bond fund transactions	42,270,000	37,195,000
TOTAL NONCURRENT ASSETS	67,077,120	60,557,346
TOTAL ASSETS	\$ 68,376,147	\$ 61,548,090

The accompanying notes are an integral part of these financial statements.

SUMMIT COUNTY PORT AUTHORITY
BALANCE SHEETS
December 31, 2008 and 2007

	2008	As Restated 2007
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Deposits held	\$ 2,365,579	\$ 134,741
Accounts payable	25,944	136,857
Accrued payroll and payroll taxes	9,752	16,598
TOTAL CURRENT LIABILITIES	2,401,275	288,196
NONCURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Deferred revenue	308,419	327,017
Payable from Restricted Assets:		
Note payable - Summit County	1,080,829	1,155,829
Revenue bonds - Akron Civic Theater	14,261,070	14,381,070
Bond fund transactions:		
Revenue bonds - Garfield Heights project	2,650,000	2,750,000
Revenue bonds - Goodyear project	4,145,000	4,655,000
Revenue bonds - Village of Seville project	1,860,000	1,920,000
Revenue bonds - Twinsburg project	5,260,000	5,430,000
Revenue bonds - Summit County Workforce Policy project	4,650,000	4,785,000
Revenue bonds - Portage County Brimfield project	2,475,000	2,475,000
Revenue bonds - Lockheed/Martin Airdock project	1,655,000	1,970,000
Revenue bonds - Hiney Printing project	1,345,000	1,420,000
Revenue bonds - Exal Corporation project	2,430,000	2,675,000
Revenue bonds - Superior Roll Forming project	3,030,000	3,115,000
Revenue bonds - Cavalier project	5,830,000	6,000,000
Revenue bonds - Plaza Schroer project	940,000	-
Revenue bonds - Digestive Disease project	6,000,000	-
Total Payable from Restricted Assets	57,611,899	52,731,899
TOTAL NONCURRENT LIABILITIES	57,920,318	53,058,916
TOTAL LIABILITIES	60,321,593	53,347,112
NET ASSETS		
Invested in capital assets, net of related debt	1,450,000	1,475,000
Restricted	5,000,000	5,000,000
Unrestricted	1,604,554	1,725,978
TOTAL NET ASSETS	8,054,554	8,200,978
TOTAL LIABILITIES AND NET ASSETS	\$ 68,376,147	\$ 61,548,090

The accompanying notes are an integral part of these financial statements.

SUMMIT COUNTY PORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 For the Years Ended December 31, 2008 and 2007

	2008	As Restated 2007
OPERATING REVENUES		
Project administrative fees	\$ 247,153	\$ 200,903
CAK Business Park - lease administration revenue	156,682	145,700
Loan processing fees	103,405	171,301
Foreign Trade Zone contract service & administrative fees	12,400	18,150
Summit County reimbursement funds	-	10,000
Summit County operating grant	125,000	150,000
Twinsburg reimbursed expenses	35,425	-
Sponsorships	-	6,040
TOTAL OPERATING REVENUES	680,065	702,094
OPERATING EXPENSES		
Salaries and benefits	381,120	397,443
Miscellaneous operating expenses	192,548	206,976
Twinsburg township project expenses	387,664	-
Professional services	61,956	129,251
TOTAL OPERATING EXPENSES	1,023,288	733,670
OPERATING LOSS	(343,223)	(31,576)
NONOPERATING REVENUE		
Interest income	143,292	276,257
Unrealized gain of investment in Greater Akron Investment Partners	53,507	-
TOTAL NONOPERATING REVENUE	196,799	276,257
CHANGE IN NET ASSETS	(146,424)	244,681
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	8,200,978	7,956,297
NET ASSETS, END OF YEAR	\$ 8,054,554	\$ 8,200,978

The accompanying notes are an integral part of these financial statements.

SUMMIT COUNTY PORT AUTHORITY
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2008 and 2007

	2008	As Restated 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from development	\$ 2,497,368	\$ 702,401
Cash received from grants	125,000	150,000
Cash payments for goods and services	(760,408)	(228,414)
Cash payments to and on behalf of employees	(387,966)	(393,102)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,473,994	230,885
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Lease payments received	120,000	100,000
Payments on line of credit/note payable	(75,000)	(100,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	45,000	-
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net payments from the redemption of revenue bonds	(120,000)	(100,000)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(120,000)	(100,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment received on note receivable	35,000	80,000
Investment in Greater Akron Investment Partners	(75,000)	-
Fees paid on investments held with Greater Akron Investment Partners	3,967	-
Interest income received	143,292	276,257
NET CASH PROVIDED BY INVESTING ACTIVITIES	107,259	356,257
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,506,253	487,142
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,290,323	6,803,181
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,796,576	\$ 7,290,323
Reconciliation of cash and equivalents to the Balance Sheet:		
Cash - unrestricted	\$ 965,895	\$ 959,876
Cash - board restricted	2,829,931	1,218,541
Restricted cash - Bond Fund Program Reserve	5,000,750	5,111,906
	\$ 8,796,576	\$ 7,290,323

The accompanying notes are an integral part of these financial statements.

SUMMIT COUNTY PORT AUTHORITY
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2008 and 2007

	2008	As Restated 2007
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
Net operating loss	\$ (343,223)	\$ (31,576)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	25,000	25,000
Changes in operating assets and liabilities:		
Administrative fees receivable	1,962	6,568
Miscellaneous receivables	(271,897)	91,014
Prepaid insurance	(32,329)	(3,514)
Deposits held	2,230,838	71,321
Accounts payable	(110,913)	86,329
Accrued payroll and payroll taxes	(6,846)	4,341
Deferred revenue	(18,598)	(18,598)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,473,994	\$ 230,885

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2008, the Authority issued approximately \$6.94 million of Revenue Bonds related to various economic development projects which are described in Note 4 to the financial statements.

The Authority issued \$16 million and \$37.1 million and of non-recourse Revenue Bonds (conduit debt) related to various economic development projects which are described in Note 7 to the financial statements as of December 31, 2008 and 2007.

During 2008, the Authority had \$53,507 unrealized gain on its investment in the Greater Akron Investment Partnership.

The accompanying notes are an integral part of these financial statements.

SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 – DESCRIPTION OF SUMMIT COUNTY PORT AUTHORITY

The Summit County Port Authority (the "Authority") was formed by Summit County Council in 1993 to preserve key railroad lines from abandonment in an era of rail mergers and consolidations. County Council recognized the expanding role of port authorities within the state and passed legislation enabling the Authority to use the economic development powers allowed under the Ohio Revised Code.

The Authority is now encouraging industrial development, creating employment opportunities and providing financing and tax incentives to local businesses in order to provide a foundation to compete in the international marketplace. The Authority is directed by a seven-member Board appointed by the Summit County Executive, in accordance with the procedures provided by the Summit County Charter.

The Authority's activities are financed and operated as an enterprise fund such that the costs and expenses of providing services are recovered primarily through user charges. The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. All transactions are accounted for in a single enterprise fund. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority has elected not to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and liabilities for the operation of the Authority are included on the Balance Sheets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases/revenues and decreases/expenses in total net assets. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flows of its enterprise activity.

Revenue

Revenues received in advance are deferred and recognized as earned over the period to which they relate.

Operating revenues consist primarily of project administrative and loan processing fees, operating grant, rents, and fees for foreign trade zone services. Operating expenses include the cost of providing these services, including administrative expenses. Non-operating revenues and expenses are all revenues not meeting the definition of operating revenues and expenses. Non-operating revenues consist of interest income and unrealized gain on investment. The Authority first applies restricted resources to satisfy restricted obligations.

SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and requires an annual budget. This budget includes estimated receipts and appropriations. In addition, the Rules and Regulations of the Authority require the Board to adopt an appropriation resolution. The Authority maintains budgetary control by not permitting expenditures to exceed their respective appropriations without amendment of appropriations from the Board of Directors.

Cash and Investments

Summit County is the fiscal agent for the Authority operations. Accordingly, the Summit County Auditor maintains a portion of the Authority's cash in an Agency fund on the County's financial records. The Authority's Secretary of the Board is the fiscal agent for the Authority's development projects. The Authority maintains a portion of its cash at two banks. These accounts are insured by the Federal Deposit Insurance Corporation. The Authority believes no significant concentration of credit risk exists with respect to these cash deposits.

For the purposes of the statement of cash flows, all bank deposits, including investments in short-term certificates of deposit, the State Treasury Asset Reserve of Ohio (STAR Ohio) and overnight investment of excess deposits in repurchase agreements are considered to be cash equivalents.

Restricted Cash – Board Restricted

The Authority's cash is designated by the Board of Directors, and invested in short-term certificates of deposit. These investments are considered cash equivalents and could be deemed unrestricted per action of the Board of Directors through issuance of specific resolutions.

Also included as restricted cash is funds relating to the Project Activity Account which is pass-through monies to the Authority, but is used to service ongoing projects currently under contract.

Restricted Cash – Bond Fund Program Reserve

The Authority's investments are governed by the trust indenture and State of Ohio statutes, which allow the Authority to invest in certain obligations including State of Ohio obligations. All of the Authority's restricted investments are invested in short-term certificates of deposit and repurchase agreements at December 31, 2008. These investments are considered cash equivalents.

Capital Assets

All capital assets are capitalized at cost and updated for additions and retirements during the year. The Authority maintains a capitalization threshold of \$1,000. Capital assets are depreciated using the straight-line method over the following useful lives:

Building	40 years
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Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued and reported as a liability when earned by the Authority's employees.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits/Cash Pool

The Ohio Revised Code prescribes allowable deposits and investments. At December 31, 2008 and 2007, the carrying amounts of the Authority's deposits were \$3,795,826 and \$2,178,417, respectively. These deposits were held at banks and in a cash pool maintained by the Summit County Fiscal Officer. The Authority's carrying amount of cash on deposit with the County was \$3,610,728 and \$1,230,301 as of December 31, 2008 and 2007, respectively. The Summit County Fiscal Officer is responsible for maintaining adequate depository collateral for all funds in the Summit County's pooled and deposit accounts and ensuring that all monies are invested in accordance with the Ohio Revised Code.

Investments

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority. Category 1 includes investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which securities are held by a trust department in the Authority's name. The Authority's investments of \$5,000,750 and \$5,111,906 at December 31, 2008 and 2007, respectively, were held in certificates of deposit and repurchase agreements which are classified as Category 2 investments.

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority treasury, in commercial accounts payable or withdraw able on demand, including money market accounts.

Inactive deposits are public deposits that the Board of Directors has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bill, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

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NOTES TO FINANCIAL STATEMENTS
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5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (1) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

In January 2008, the Authority purchased .75 of one membership unit in the Greater Akron Investment Partners, LLC ("GAIP") in the amount of \$75,000. The net profits and losses of GAIP is allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. During 2008, the Authority recognized \$53,507 unrealized gain on this investment. The Authority's equity interest in GAIP was \$124,540 at December 31, 2008.

NOTE 4 – BOND FUND PROGRAM

The Authority has established a Bond Fund Program to provide long-term, fixed interest rate financing for qualified industrial, commercial and public projects. The primary objective of the Bond Fund Program is to further economic development efforts and investment in Summit County through the retention and creation of quality, private-sector jobs.

The State of Ohio Department of Development (ODOD) awarded the Authority a grant of \$2 million, received in April, 2001, which was deposited into the Bond Fund Program Reserve account. The conditional grant from ODOD is for a 20 year term, with the interest earned on the fund remitted back to ODOD through December, 2011, beginning 2012 and continuing through December, 2021, 50% of the interest earned is required to be remitted back to ODOD. In February, 2001, the Authority obtained a \$3 million grant from Summit County for the Bond Fund Program, which was also deposited into the Bond Fund Program Reserve account.

During 2008, it was noted that the interest earned on the State of Ohio Bond Fund that was required to be remitted back to the State was not made as of December 31, 2007. A restatement of the 2007 financial statements was made to properly record the payable to the State of Ohio for the interest earned on the Bond Fund. This restatement resulted in an increase in liabilities, a decrease in revenue and a decrease in unrestricted net assets of \$104,362.

Under the Program, debt service requirements on each bond issue are to be secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide cash or a letter of credit as additional security for the related bonds. Amounts in the Bond Fund Program Reserve may be used for debt service in the event the borrower is unable to make the required payments under the lease. Amounts held in the Authority's Bond Fund Program Reserve was \$5,000,750 and \$5,111,906 at December 31, 2008 and 2007, respectively, and are included in restricted assets in the accompanying balance sheets.

SUMMIT COUNTY PORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008 and 2007

The following Revenue Bonds were issued during 2008 through the Bond Fund Program:

In April 2008, the Authority issued \$940,000 Tax-Exempt Authority Development Revenue Bonds, as part of the Plaza / Schroer project. The proceeds of the bonds will be used to finance the acquisition of interests in certain land and construction and installation of public improvements by Portage County Port Authority on behalf of a contracting party, including roads, sidewalks, street lights and utilities and other public improvements relating thereto to serve a nursing home facility to be developed by Schroer Properties of Ravenna, Inc. and a 6,300 square foot office building to developed by Kelso Development, LLC and Michael Casamento.

In May 2008, the Authority issued \$6 million Taxable Authority Development Revenue Bonds, as part of the Digestive Disease Consultants project. The proceeds of the bonds will be used to provide funds for the acquisition of approximately 4 acres of land the construction of a 40,000 sq. foot medical office building, located at 1321 Industrial Parkway, Brunswick, Ohio.

As of December 31, 2008 and 2007, the Authority issued \$16 million and \$37.1 million of Non-Recourse Revenue Bonds (conduit debt) related to various economic development projects which are described in Note 7. No revenue bonds were issued through the Bond Fund Program during 2007.

NOTE 5 – CAPITAL ASSETS

Summary by category of changes in capital assets as of December 31:

	2007	Additions	Disposals	2008
Buildings	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000

In December 2005, ownership of the Lockheed Martin Airdock was transferred to the Authority and was placed in service in January 2007. Depreciation expense was \$25,000 for the years ended December 31, 2008 and 2007, respectively.

NOTE 6 – BENEFIT PLAN

Ohio Public Employees Retirement System (“OPERS”) administers three separate pension plans: The Traditional Pension (“TP”) Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined (“CO”) Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provide retirement, disability, survivor benefits and post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed (“MD”) Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (“OPEB”) as described in GASB Statement 12.



SUMMIT COUNTY PORT AUTHORITY
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December 31, 2008 and 2007

Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. The OPERS issues a stand-alone financial report that includes financial statements and required supplementary information for the OPERS. A copy may be obtained by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2008 and 2007 employee and employer contribution rates were consistent across all three plans. The employee contribution rates were 10.0% and 9.5% for 2008 and 2007, respectively. The 2008 and 2007 employer contribution rates for local government employer units was 14.00% and 13.77% of covered payroll, respectively, to fund the pension, and 6% and 5% for 2008 and 2007, respectively, to fund health care. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the OPERS for the years ending December 31, 2008 and 2007 were \$41,550 and \$43,691, respectively.

The OPERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS.

NOTE 7 – CONDUIT DEBT

In accordance with Governmental Accounting Standards, the following revenue bonds issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by borrower.

Snap On

In October 2008, the Authority issued \$16 million of Taxable Development Revenue Bonds. The bond proceeds will be used to finance the costs of the Snap-On Business Solutions, Inc. Project. These bonds are special obligations of the Authority payable solely from revenue received by the Authority under its agreement with Snap-On, Inc. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is \$16 million as of December 31, 2008, with the current portion of outstanding debt of \$1,216,564 as of December 31, 2008.

American Original Building Products, LLC.

In January 2007, the Authority issued \$5.4 million of Summit County Port Authority Variable Rate Industrial Development Revenue Bonds. The bond proceeds will be used to finance the acquisition and installation of machinery and equipment at Ferriot, Inc.'s Akron, Ohio facility. These bonds are special obligations of the Authority payable solely from revenue received by the Authority under its agreement with Ferriot, Inc. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is \$4.86 and \$5.4 million as of December 31, 2008 and 2007, respectively, with the current portion of outstanding debt of \$540,000 as of December 31, 2008.

SUMMIT COUNTY PORT AUTHORITY
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Akron Community Service Center and Urban League, Inc.

In February 2007, the Authority issued \$3.6 million of Summit County Port Authority Adjustable Rate Tax-Exempt Revenue Bonds. The bond proceeds will be used to finance the acquisition, construction, improvements, installation and equipping of a new community service center and urban league facility to be used for education, recreational and other residents of Summit County, OH. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with the Akron Community Service Center and Urban League, Inc. ("the Borrower"). The Borrower and the Authority entered into a loan agreement pertaining to this facility. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was \$ \$3.6 million as of December 31, 2008 and 2007, with the current portion of outstanding debt of \$130,000 as of December 31, 2008.

Edgewood Apartments Project

In May 2007, the Authority issued \$11.25 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds will be used to finance the acquisition and construction of 80 units of residential rental housing. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with Akron Edgewood Homes, LLC. Akron Edgewood Homes, LLC. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was \$11.25 million as of December 31, 2008 and 2007, with the entire balance due in May 2010.

Barberton YMCA Project

In June 2007, the Authority issued \$4.1 million of Summit County Port Authority Facility Revenue Bonds. The bond proceeds will be used to facilitate the financing of "port authority facilities" and enhancing economic development of such facilities. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with The Young Men's Christian Association. The Young Men's Christian Association and the Authority entered into a loan agreement pertaining to this facility. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was \$3.595 million and \$3.935 million as of December 31, 2008 and 2007, respectively, with the current portion of outstanding debt of \$360,000 as of December 31, 2008.

Callis Towers, LLC

In October 2007, the Authority issued \$12 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds will be used to make a mortgage loan insured by the Federal Housing Administration (FHA) to Callis Towers, LLC, to finance a portion of the acquisition, renovation, rehabilitation and equipping of a 277-unit, 15 story residential building located on 2.5 acres in Akron, OH. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with Callis Towers, LLC. Callis Towers, LLC. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was \$12 million as of December 31, 2008 and 2007, with the current portion of outstanding debt of \$3 million due in November 2009.

SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Collinson Apartments Project

In December 2006, the Authority issued \$4 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds will be used to finance the costs of acquiring and renovating, and equipping a rental facility in the City of Akron. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with New Hillwood I Associate, LLC. New Hillwood I Associate, LLC. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was \$4 million as of December 31, 2008 and 2007, with the current portion of outstanding debt of \$40,000 as of December 31, 2008.

Summa Wellness Institute

In October 2006, the Authority issued \$15.405 million of Summit County Port Authority Revenue Bonds. The bond proceeds will be used to finance the construction and equipping of a wellness facility to be leased by Summa Health Systems (Summa). These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its lease with Summa. Summa and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The operation and maintenance of the buildings is the responsibility of Summa. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was \$15.405 million as of December 31, 2008 and 2007, respectively, with this entire portion being long-term debt as of December 31, 2008.

KB Compost Services, Inc.

In March 2006, the Authority issued \$5 million of Summit County Port Authority Variable Rate Exempt Facility Revenue Bonds. The bond proceeds will be used to finance the costs of acquiring and installing certain machinery and equipment at the Akron Compost Facility owned by the City of Akron. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with the KB Compost Services, Inc. KB Compost Services, Inc. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is \$3.75 million and \$4.25 million as of December 31, 2008 and 2007, respectively, with the current portion of outstanding debt of \$500,000 as of December 31, 2008.

Lawrence School

In August 2005, the Authority issued \$10.475 million of Summit County Port Authority Adjustable Rate Demand Revenue Bonds (Series 2005). The bond proceeds will be used to finance the cost of acquisition of a 47 acre parcel located in Sagamore Hills, Ohio, and the construction, equipping and improvement of a private school building on that site, to be owned by Lawrence School. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with Lawrence School. Lawrence School and the Authority entered into a financing lease agreement pertaining to this project. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is \$10.175 million and \$10.475 million as of December 31, 2008 and 2007, respectively, with the current portion of outstanding debt of \$310,000 as of December 31, 2008.

SUMMIT COUNTY PORT AUTHORITY
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December 31, 2008 and 2007

Jewish Community Board

In April 2005, the Authority issued \$5.5 million of Summit County Port Authority Variable Rate Tax-Exempt Industrial Development Revenue Bonds. The bond proceeds will be used to finance the renovation and expansion of the Jewish Center's campus in Akron, Ohio to be owned by the Jewish Community Board. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with the Jewish Community Board. The Jewish Community Board and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is \$4.62 million and \$4.9 million as of December 31, 2008 and 2007, respectively, with the current portion of outstanding debt of \$290,000 as of December 31, 2008.

Eastland Woods, LLC

In August 2004, the Authority issued \$7.5 million of Summit County Port Authority Revenue Bonds. The bond proceeds will be used to finance the acquisition, construction, rehabilitation and equipping of an approx. 100-unit residential rental project to be owned by Eastland Woods, LLC. (Eastland Woods). These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with Eastland Woods. Eastland Woods and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was \$2.145 million and \$2.225 million as of December 31, 2008 and 2007, respectively, with the current portion of outstanding debt of \$80,000 as of December 31, 2008.

Meadow Lane, LLC

In August 2003, the Authority issued \$5.5 million of Summit County Port Authority Revenue Bonds. The bond proceeds will be used to finance the construction and equipping of a manufacturing and distribution facility to be leased by Meadow Lane, LLC (Meadow Lane). These bonds are special obligations of the Authority payable solely from the proceeds received by the Authority under its lease with Meadow Lane. Meadow Lane and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The operation and maintenance of the buildings is the responsibility of Meadow Lane. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was \$4.660 million and \$4.915 million as of December 31, 2008 and 2007, respectively, with the current portion of outstanding debt of \$265,000 as of December 31, 2008.

SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Approximate future annual principal debt service requirements for these conduit debt obligations are:

2009	\$		6,731,564
2010			15,329,217
2011			4,145,612
2012			4,338,055
2013			4,516,969
2014-2018			26,108,583
2019-2023			10,155,000
2024-2028			7,910,000
2029-2033			5,630,000
2034-2038			3,380,000
2039-2043			830,000
2044-2048			6,990,000
			<u>\$ 96,065,000</u>

NOTE 8 – AKRON CIVIC THEATER PROJECT

In September 2001, the Authority issued \$14.6 million of Summit County Port Authority Revenue Bonds, comprised of \$13.6 million of Current Interest Bonds and \$1 million of Capital Appreciation Bonds. The proceeds from the revenues bonds were primarily used to fund the renovation of the Akron Civic Theater facility. These bonds are payable solely from the proceeds received by the Authority under its lease with the Akron Civic Theater.

The Akron Civic Theater and the Authority entered into a financing lease agreement pertaining to the Civic theater facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. Lease payments will be derived from the County Bed Tax revenues, through agreement among Summit County, National Inventors Hall of Fame and the Authority. In addition, the City of Akron guarantees the bonds.

All expenses related to the revenue bonds were paid out of the bond proceeds. The operation and maintenance of the theater is the responsibility of the Akron Civic Theater. In 2002, there was a shortfall in fundraising revenue committed to the project by the Civic Theater which led to the notes payable and receivable explained in Note 9 below.

Approximate future annual receipts and payments for this obligation are:

	Principal	Interest
2009	150,000	668,293
2010	175,000	662,292
2011	205,000	655,118
2012	235,000	646,508
2013	265,000	636,285
2014-2018	1,176,770	3,690,355
2019-2023	1,654,300	3,844,399
2024-2028	4,085,000	2,259,925
2029-2033	6,315,000	990,000
	<u>\$ 14,261,070</u>	<u>\$ 14,053,175</u>



SUMMIT COUNTY PORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008 and 2007

NOTE 9 – NOTES PAYABLE AND NOTE RECEIVABLE

The Authority has the following unsecured notes payable, one with the City of Akron and one with Summit County. The purpose of these notes was for renovation costs for the Akron Civic Theater.

Note payable with Summit County

The balance outstanding on the unsecured note payable was \$1,080,829 and \$1,155,829 at December 31, 2008 and 2007, respectively.

Approximate annual principal payments, required to be made by the Authority, under this debt for the next five years and thereafter are:

2009	\$ 75,000
2010	75,000
2011	75,000
2012	75,000
2013	75,000
Thereafter	705,829
	<u>\$ 1,080,829</u>

Note Receivable with Akron Civic Theater

In connection with entering the note payable with Summit County, the Authority entered into a note receivable agreement with the Akron Civic Theater. The note receivable is unsecured and non-interest bearing. The note receivable is structured such that the Akron Civic Theater pays the Authority for all amounts due under the note payable/line of credit based on the schedule noted below, and the Authority then repays Summit County. In September, 2007, the agreement was amended noting that if certain terms of the agreement were met and there was no default on the loan, that the outstanding balance of \$505,829 at the end of the term would be discharged by the Authority.

Approximate annual receipts to be made to the Authority under this agreement for the next five years and thereafter are:

2009	\$ 35,000
2010	35,000
2011	35,000
2012	40,000
2013	40,000
Thereafter	955,829
	<u>\$ 1,140,829</u>

SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 10 – AIRDOCK REMEDIATION

In January 2007, the Authority entered into an agreement with the Director of Development of the State of Ohio for a Brownfield Revolving Fund Loan for the Airdock Project. The Authority also entered into an agreement with the Clean Ohio Council for Clean Ohio Revitalization Fund (CORF) grant for the Airdock Project. The purpose of the loan and grant is to conduct interior remediation activities including cleaning dust and debris from the building interior structure, at the Airdock site located in Akron, Ohio which is owned by the Authority and leased to Lockheed Martin Corporation. The amount of the loan and grant is \$2 million and \$3 million, respectively. This loan is a debt obligation and is payable solely from the revenues received by the Authority under its agreement with Lockheed Martin Corporation. As of December 31, 2008 and 2007, all funds have been drawn except for a 10% retainage of \$300,000 on the CORF.

NOTE 11 – LEASES

Operating leases

The Authority leases office space and certain equipment under operating leases. Rental expense was \$39,933 and \$42,267 under these leases for 2008 and 2007, respectively.

Future minimum lease payments under non-cancelable operating leases that have initial or remaining terms in excess of one year are as follows:

2009	35,780
2010	37,680
2011	31,400
	<hr/>
	\$ 104,860
	<hr/> <hr/>

NOTE 12 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets; errors or omissions; injuries to employees; or acts of God. Commercial insurance has been obtained to cover damage or destruction of the Authority's property and for public liability, personal injury, and third-party property damage claims. No substantial changes in insurance coverage have occurred in any major risk category in 2008, there were no insurance settlements in 2008 and 2007.

Employee health care benefits are provided under a group insurance arrangement and the Authority is insured through the State of Ohio for workers' compensation benefits.

NOTE 13 – RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

The Authority uses certain Summit County employees without reimbursement. In addition, the Authority received a grant for operating expenses from Summit County for \$125,000 and \$150,000 for years ended December 31, 2008 and 2007, respectively.

During 2008, Summit County required that \$75,000 of this grant be invested into membership with the Greater Akron Investment Partners. See additional disclosure information above in Note 3.

SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 14 – LETTER OF CREDIT

During 2008 The Authority obtained \$5 million, unsecured letter of credit in order to support issuance of development bonds via the Authority's Bond Fund Program in addition to the \$5 million, unsecured letter of credit for this same purpose, which was obtained during 2007. No amounts were outstanding on these letters of credit as of December 31, 2008 and 2007.

NOTE 15 – CONTINGENCIES

As of May 2009, Twinsburg Township has continued to be delinquent on rental payments under the lease agreement with the Authority dated September 1, 2005 for the months beginning February 2008 through current, amounting to \$325,359 as of December 31, 2008, as well as ongoing expenses associated with the upkeep of the building amounting to approximately \$25,000 for the year ended December 31, 2008. The Authority has paid these payments to remain in good standing with the Bond Holders although this was not the Authority's obligation. In April 2008, Twinsburg Township was served with a notice to vacate the premises and has done so.

In November 2008, the Authority filed a complaint against Twinsburg Township. When the Township breached the lease, causing an event of default, the Authority was entitled to exercise its remedies of default, of which one was to assert against the Township the right under the Lease to recover damages in an amount to the outstanding "discharge amount" on the Bonds, plus the additional expenses and costs incurred by the Authority under the Lease, which is approximately \$4.4 million.

Twinsburg Township has filed a counter claim against the Authority challenging the validity of the Lease and is seeking to recover \$550,000 paid by the Township towards costs related to this building lease. The Authority, after consultation with legal counsel, intends to vigorously defend their position however, due to the uncertainty of the outcome, the Authority has not recorded a reserve for loss at this time.

NOTE 16 – COMMITMENTS

IRG Rubber City, LLC.

In November 2007, the Authority entered into a commitment with IRG Rubber City, LLC. to assist the Developer with financing the public and private improvements constituting the various phases of the Goodyear Akron Riverwalk Project.

In May 2009, the Authority entered into agreements with the IRG Rubber City, LLC to issue up to \$17.2M of Taxable Bonds to fund the acquisition of certain properties from the Goodyear Tire & Rubber Co.

Bridgestone Firestone North American Tire, LLC

In November 2008, the Authority entered into a financing proposal to construct the new Bridgestone Technical Center, multi level parking facility and skywalk. The Authority will issue bonds up to \$60 million.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Summit County Port Authority
Akron, Ohio

We have audited the accompanying financial statements of the Summit County Port Authority, Summit County, Ohio, (the "Authority") as of and for the year ended December 31, 2008, and have issued our report dated June 15, 2009. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 the normal course of 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 Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

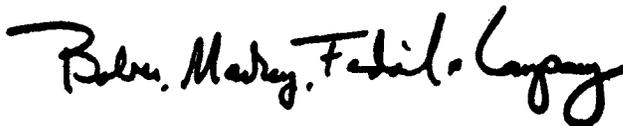
A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and governmental funding agencies and is not intended to be and should not be used by anyone other than these specified parties.



BOBER, MARKEY, FEDOROVICH & COMPANY

June 15, 2009



Mary Taylor, CPA
Auditor of State

SUMMIT COUNTY PORT AUTHORITY

SUMMIT 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
JULY 23, 2009**