



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Summit County Port Authority  
Summit County  
175 South Main Street, Suite 207  
Akron, Ohio 44308

To the Board of Directors:

We have audited the accompanying financial statements of the Summit County Port Authority, Summit County, Ohio (the Port Authority) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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, the Port Authority 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 fund cash balances of the Summit County Port Authority, Summit County, Ohio, as of December 31, 1999, and its 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 May 24, 2000, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors 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.

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**Jim Petro**  
Auditor of State

May 24, 2000

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**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Cash Receipts:</b>	
Rail line fees	\$37,219
Other	<u>28,373</u>
Total Cash Receipts	<u>65,592</u>
 <b>Cash Disbursements:</b>	
Current:	
Rail line maintenance	5,524
Consulting services/Interns	12,919
Travel	4,108
Insurance	25,500
Legal services	5,140
Conference fees	640
Supplies	6,526
Memberships and dues	185
Other	5,244
Capital Outlay-Equipment	<u>10,936</u>
Total Cash Disbursements	<u>76,722</u>
Total Cash Receipts (Under) Cash Disbursements	(11,130)
Fund Cash Balance, January 1	<u>50,624</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$39,494</u></u></b>

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

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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Summit County Port Authority (the Port Authority) is a body corporate and politic established to promote, develop and advance the general welfare, commerce and economic development of Summit County and its citizens, and 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 seven-member Board appointed by the Summit County Executive, in accordance with the procedures provided by the Summit County Charter.

The primary business of the Port Authority is to purchase and renovate rail lines in order to enhance the economic development capabilities of the county and region and to aid in securing a position in a very competitive regional and global marketplace.

The Port Authority's management believes these financial statements present all activities for which the Port Authority 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 earned, and disbursements are recognized when 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**

Summit County is the fiscal agent for the Port Authority. Accordingly, the Summit County Auditor maintains the Port Authority's funds in an Agency fund on the County's financial records.

**D. Fund Accounting**

The Port Authority maintains a General Fund, which is the general operating fund. It is used to account for all financial resources of the Port Authority.

**E. Budgetary Process**

The Ohio Revised Code Section 4582.13 requires that each fund be budgeted annually. This budget includes estimated receipts and appropriations. In addition, the Rules and Regulations of the Port Authority require the Board to adopt an appropriation resolution.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**2. EQUITY IN POOLED CASH**

The Summit County Auditor maintains a cash pool used by all of the County's funds, including those of the Summit County Port Authority. The Ohio Revised Code prescribes allowable deposits and investments. The Port Authority's carrying amount of cash on deposit with the County at December 31, 1999 was \$39,494. The Summit County Treasurer 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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 1999 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,700	\$65,592	\$9,892

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,740	\$76,722	\$16,018

**4. DEBT**

On June 21, 1999, Resolution 14-99 was adopted by the Summit County Port Authority Board of Directors authorizing the issuance of adjustable rate Port Facility Revenue Bonds in an amount not to exceed \$3,500,000. The Bonds were issued for the purpose of acquiring, constructing, improving, equipping and installing real and personal property to be owned by the Port Authority and leased to ASC Manufacturing, Ltd. and subleased to ASC Industries, Inc. ("sublessee") for use in the sublessee's business of manufacturing automobile parts.

In addition, an Agreement to Guarantee Financing dated February 12, 1999, was entered into between Summit County and Bank One, NA, the bond trustee.

ASC Manufacturing Ltd. is required to make rent payments directly to Bank One, in order to pay the bonds. Such payments are not scheduled to begin until December 1, 2000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**5. RISK MANAGEMENT**

The Port Authority has obtained a dishonesty bond for the Secretary/Treasurer from the Peerless Insurance Company. In addition, the Port Authority has obtained public officials liability insurance from National Union Fire Insurance Company.

**6. RELATED PARTY TRANSACTIONS**

The Port Authority uses certain Summit County employees and office space without reimbursements to Summit County.

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Fourth Floor  
Canton, Ohio 44702  
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Facsimile 330-471-0001  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Summit County Port Authority  
Summit County  
175 South Main Street, Suite 207  
Akron, Ohio 44308

To the Board of Directors:

We have audited the accompanying financial statements of the Summit County Port Authority, Summit County, Ohio, (the Port Authority) as of and for the year ended December 31, 1999, and have issued our report thereon dated May 24, 2000. 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 the Port 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of the Port Authority in a separate letter dated May 24, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Port Authority'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.

Port Authority  
Summit 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 Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 24, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

## SUMMIT COUNTY PORT AUTHORITY

### 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 6, 2000