



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

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTHEAST OHIO TRADE
AND ECONOMIC CONSORTIUM
(NEOTEC)
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STATE OF OHIO
OFFICE OF THE AUDITOR
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

Northeast Ohio Trade and Economic Consortium
Summit County
175 South Main Street
Room 207
Akron, Ohio 44308

To the Regional Council:

We have audited the accompanying financial statements of Northeast Ohio Trade and Economic Consortium, Summit County, Ohio, (NEOTEC) as of and for the year ended December 31, 1999. 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, 1999, 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 June 23, 2000 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 23, 2000

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**NEOTEC
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$10,571	\$14,230	\$24,801
Membership Dues	140,000		140,000
Fees	41,084		41,084
Other	3,918		3,918
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	195,573	14,230	209,803
Cash Disbursements:			
Current:			
Supplies	8,773	14,662	23,435
Professional services	17,159	286,868	304,027
Legal services		29,907	29,907
Travel, meals and lodging	20,705	4,661	25,366
Marketing and promotion	5,307	44,542	49,849
Other	847	7,210	8,057
Capital outlay		3,056	3,056
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	52,791	390,906	443,697
Total Receipts Over/(Under) Disbursements	142,782	(376,676)	(233,894)
Fund Cash Balances, January 1	146,186	541,890	688,076
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$288,968</u>	<u>\$165,214</u>	<u>\$454,182</u>

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

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NEOTEC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999

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'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 and investments that are 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 Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. NEOTEC had the following significant Special Revenue Funds:

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

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

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 1999 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:

	1999
Demand deposits	\$454,182

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, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,000	\$195,573	\$573
Special Revenue	0	14,230	14,230
Total	\$195,000	\$209,803	\$14,803

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,000	\$52,791	\$27,209
Special Revenue	450,000	390,906	59,094
Total	\$530,000	\$443,697	\$86,303

NEOTEC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999

4. FUNDING SOURCES

NEOTEC receives the majority of its revenues from County and Associate membership dues. These dues support the operations and administration of NEOTEC.

5. RISK MANAGEMENT

NEOTEC has obtained commercial insurance for the following risks:

- 7 General liability
- 7 Public officials' liability

6. RELATED PARTY TRANSACTIONS

NEOTEC utilizes certain Summit County employees and office space without reimbursement to Summit County.

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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 ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Northeast Ohio Trade and Economic Consortium
Summit County
175 South Main Street
Room 207
Akron, Ohio 44308

To the Regional Council:

We have audited the accompanying financial statements of Northeast Ohio Trade and Economic Consortium, Summit County, Ohio, (NEOTEC) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 23, 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 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 June 23, 2000.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of NEOTEC in a separate letter dated June 23, 2000.

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

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

Jim Petro
Auditor of State

June 23, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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

NORTHEAST OHIO TRADE AND ECONOMIC CONSORTIUM

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
AUGUST 29, 2000**