

SUMMIT COUNTY PORT AUTHORITY

FINANCIAL STATEMENTS

December 31, 2007 and 2006





Mary Taylor, CPA

Auditor of State

Board of Directors
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, prepared by Bober, Markey, Fedorovich & Company, for the audit period January 1, 2007 through December 31, 2007. 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

May 20, 2008

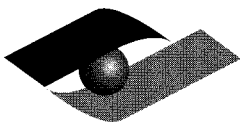
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**Bober, Markey, Fedorovich
& Company**

Certified Public Accountants / Business Advisors
A Professional Corporation

3421 Ridgewood Road
Suite 300
Akron, Ohio 44333-3119
330.762.9785
FAX 330.762.3108
www.bobermarkey.com

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, 2007 and 2006, 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, 2007 and 2006, 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 3-5 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

BOBER, MARKEY, FEDOROVICH & COMPANY

April 14, 2008



SUMMIT COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

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, 2007.

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. 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 include the Summa Health Centers for Excellence, the Akron Civic Theater and the Summa Hudson Wellness Center projects. 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 2006 include Exal Corporation in Mahoning County; Hiney Printing in Summit County; the Superior Roll Forming project in Medina County; the Cleveland Cavaliers practice facility jointly financed with the Cleveland Cuyahoga County Port Authority and Toledo Port Authority; and the Lockheed Martin Airdock project, jointly funded by the Authority and the State of Ohio.

During 2007, there were no bond fund transactions consummated by the Authority.

Major events during the year affecting the Authority financial assets include the authorization to proceed with remediation of the Airdock. Loan and grant agreements with the Ohio Department of Development and EPA were executed early in 2007 with work anticipated to be complete in 2008. As of December 31, 2007, USEPA, Region 5 had yet to approve the Consent Agreement and Final Order ("CAFO"), which will authorize use of the Airdock for manufacturing and distribution activity.



SUMMIT COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

The Authority also elected by resolution to restrict an additional \$120,000 for the purposes of supplementing its Bond Fund. These funds are restricted at Board discretion in the event of a default of the Authority Bond Fund and available if needed to meet debt service obligation.

The Authority also restructured a loan obligation agreement with the County of Summit and subsequently amended the Authority's loan agreement with the Akron Civic Theater.

Condensed Financial Information

Provided below is condensed balance sheet information for the Authority as of December 31, 2007, 2006 and 2005:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Current assets	\$ 990,744	\$ 959,297	\$ 1,528,754
Property	1,475,000	1,500,000	1,500,000
Restricted and other assets	59,082,346	60,225,719	44,141,554
Total assets	<u>\$ 61,548,090</u>	<u>\$ 62,685,016</u>	<u>\$ 47,170,308</u>
Liabilities and Net Assets			
Current liabilities	\$ 183,834	\$ 126,205	\$ 171,335
Other liabilities	53,058,916	54,602,514	39,451,112
Net assets-unrestricted and invested			
in capital assets	3,305,340	2,956,297	2,547,861
Net assets-restricted	5,000,000	5,000,000	5,000,000
Total liabilities and net assets	<u>\$ 61,548,090</u>	<u>\$ 62,685,016</u>	<u>\$ 47,170,308</u>



SUMMIT COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

The Authority's operations net assets increased by \$349,043, \$408,426 and \$3,386,886 in 2007, 2006 and 2005, respectively. Key elements of these changes are summarized below:

	2007	2006	2005
Operating Revenues			
Loan processing fees	\$ 171,301	\$ 207,600	\$ 261,199
Grant	160,000	175,000	195,000
Other operating revenues	370,793	318,099	3,385,609
Total operating revenues	<u>702,094</u>	<u>700,699</u>	<u>3,841,808</u>
Operating expenses			
Salaries and benefits	397,443	362,708	307,071
Other operating expenses	336,227	195,352	230,192
Total operating expenses	<u>733,670</u>	<u>558,060</u>	<u>537,263</u>
Operating income	(31,576)	142,639	3,304,545
Nonoperating revenue			
Interest income	380,619	265,787	82,341
Total nonoperating revenue	<u>380,619</u>	<u>265,787</u>	<u>82,341</u>
Net increase in net assets	<u>\$ 349,043</u>	<u>\$ 408,426</u>	<u>\$ 3,386,886</u>

Operating revenues: Loan processing fees and other operating revenue were consistent with the prior year. Interest income increased substantially over the prior year.

Operating expenses: Expenses increased substantially due to an unexpected loan payment for the Akron Civic Theater project when the Theater failed to meet its obligation to the Authority.



SUMMIT COUNTY PORT AUTHORITY
BALANCE SHEETS
December 31, 2007 and 2006

	<u>2007</u>	<u>As Restated 2006</u>
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash	\$ 959,876	\$ 834,361
Miscellaneous receivables	14,706	105,720
Administrative fees receivable	7,669	14,237
Prepaid insurance	8,493	4,979
TOTAL CURRENT ASSETS	<u>990,744</u>	<u>959,297</u>
NONCURRENT ASSETS		
Restricted Assets:		
Cash - board restricted	1,218,541	961,276
Restricted cash - Bond Fund Program Reserve	5,111,906	5,007,544
Building - Airdock, net	1,475,000	1,500,000
Note receivable - Akron Civic Theater	1,175,829	1,255,829
Lease receivable - Akron Civic Theater	14,381,070	14,481,070
Bond fund transactions:		
Note receivable - Garfield Heights project	2,750,000	2,750,000
Note receivable - Goodyear project	4,655,000	5,130,000
Note receivable - Village of Seville project	1,920,000	1,980,000
Note receivable - Twinsburg project	5,430,000	5,590,000
Note receivable - Summit County Workforce Policy project	4,785,000	4,830,000
Note receivable - Portage County Brimfield project	2,475,000	2,475,000
Note receivable - Lockheed/Martin Airdock project	1,970,000	2,215,000
Note receivable - Hiney Printing project	1,420,000	1,495,000
Note receivable - Exal Corporation project	2,675,000	2,910,000
Note receivable - Superior Roll Forming project	3,115,000	3,145,000
Note receivable - Cavalier project	6,000,000	6,000,000
TOTAL NONCURRENT ASSETS	<u>60,557,346</u>	<u>61,725,719</u>
 TOTAL ASSETS	 <u>\$ 61,548,090</u>	 <u>\$ 62,685,016</u>

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



SUMMIT COUNTY PORT AUTHORITY
BALANCE SHEETS
December 31, 2007 and 2006

	<u>2007</u>	<u>As Restated 2006</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Deposits held	\$ 134,741	\$ 63,420
Accounts payable	32,495	50,528
Accrued payroll and payroll taxes	16,598	12,257
TOTAL CURRENT LIABILITIES	<u>183,834</u>	<u>126,205</u>
NONCURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Deferred revenue	327,017	345,615
Payable from Restricted Assets:		
Note payable - Summit County	1,155,829	1,255,829
Revenue bonds - Akron Civic Theater	14,381,070	14,481,070
Bond fund transactions:		
Revenue bonds - Garfield Heights project	2,750,000	2,750,000
Revenue bonds - Goodyear project	4,655,000	5,130,000
Revenue bonds - Village of Seville project	1,920,000	1,980,000
Revenue bonds - Twinsburg project	5,430,000	5,590,000
Revenue bonds - Summit County Workforce Policy project	4,785,000	4,830,000
Revenue bonds - Portage County Brimfield project	2,475,000	2,475,000
Revenue bonds - Lockheed/Martin Airdock project	1,970,000	2,215,000
Revenue bonds - Hiney Printing project	1,420,000	1,495,000
Revenue bonds - Exal Corporation project	2,675,000	2,910,000
Revenue bonds - Superior Roll Forming project	3,115,000	3,145,000
Revenue bonds - Cavalier project	6,000,000	6,000,000
Total Payable from Restricted Assets	<u>52,731,899</u>	<u>54,256,899</u>
TOTAL NONCURRENT LIABILITIES	<u>53,058,916</u>	<u>54,602,514</u>
TOTAL LIABILITIES	53,242,750	54,728,719
NET ASSETS		
Invested in capital assets, net of related debt	1,475,000	1,500,000
Restricted	5,000,000	5,000,000
Unrestricted	1,830,340	1,456,297
TOTAL NET ASSETS	<u>8,305,340</u>	<u>7,956,297</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 61,548,090</u>	<u>\$ 62,685,016</u>

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, 2007 and 2006

	2007	As Restated 2006
OPERATING REVENUES		
Project administrative fees	\$ 200,903	\$ 160,808
CAK Business Park - lease administration revenue	145,700	140,416
Loan processing fees	171,301	207,600
Foreign Trade Zone contract services & administrative fees	18,150	16,875
Summit County reimbursement funds	10,000	-
Summit County operating grant	150,000	175,000
Sponsorships	6,040	-
TOTAL OPERATING REVENUES	<u>702,094</u>	<u>700,699</u>
OPERATING EXPENSES		
Salaries and benefits	397,443	362,708
Miscellaneous operating expenses	206,976	181,679
Professional services	129,251	13,673
TOTAL OPERATING EXPENSES	<u>733,670</u>	<u>558,060</u>
OPERATING (LOSS) INCOME	(31,576)	142,639
NONOPERATING REVENUE		
Interest income	380,619	265,787
TOTAL NONOPERATING REVENUE	<u>380,619</u>	<u>265,787</u>
CHANGE IN NET ASSETS	<u>349,043</u>	<u>408,426</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>7,956,297</u>	<u>7,547,871</u>
NET ASSETS, END OF YEAR	<u>\$ 8,305,340</u>	<u>\$ 7,956,297</u>

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, 2007 and 2006

	2007	As Restated 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from development	\$ 702,401	\$ 517,242
Cash received from grants	150,000	175,000
Cash payments for goods and services	(332,776)	(282,685)
Cash payments to and on behalf of employees	(393,102)	(360,678)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>126,523</u>	<u>48,879</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Lease payments received	100,000	75,000
Payments on line of credit/note payable	(100,000)	(100,000)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(25,000)</u>
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net payments from the redemption of revenue bonds	(100,000)	(75,000)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(100,000)</u>	<u>(75,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment received on note receivable	80,000	100,000
Interest income received	380,619	265,787
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>460,619</u>	<u>365,787</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	487,142	314,666
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,803,181	6,488,515
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,290,323</u>	<u>\$ 6,803,181</u>
Reconciliation of cash and cash equivalents to the Balance Sheet:		
Cash - unrestricted	\$ 959,876	\$ 834,361
Cash - board restricted	1,218,541	961,276
Restricted cash - Bond Fund Program Reserve	5,111,906	5,007,544
	<u>\$ 7,290,323</u>	<u>\$ 6,803,181</u>

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, 2007 and 2006

	<u>2007</u>	<u>As Restated 2006</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net operating (loss) income	\$ (31,576)	\$ 142,639
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	25,000	-
Changes in operating assets and liabilities:		
Administrative fees receivable	6,568	(3,737)
Miscellaneous receivables	91,014	(24,542)
Prepaid insurance	(3,514)	(1,763)
Deposits held	71,321	38,420
Accounts payable	(18,033)	(85,570)
Accrued payroll and payroll taxes	4,341	2,030
Deferred revenue	(18,598)	(18,598)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 126,523</u>	<u>\$ 48,879</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING
AND FINANCING ACTIVITIES:

During 2007 and 2006, the Authority issued \$37.1 and \$24.405 million, respectively of non-recourse Revenue Bonds (conduit debt) related to various economic development projects which are described in Note 7 to the financial statements.

During 2006, the Authority issued approximately \$15.895 million of Revenue Bonds related to various economic development projects which are described in Note 4 to the financial statements.

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



SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

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. The Authority first applies restricted resources to satisfy restricted obligations.



SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

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. The Federal Deposit Insurance Corporation insures up to \$100,000 for cash deposits. At times, cash balances held at financial institutions were in excess of federally insured limits. 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, 2007. 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, 2007 and 2006

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits/Cash Pool

The Ohio Revised Code prescribes allowable deposits and investments. At December 31, 2007 and 2006, the carrying amounts of the Authority's deposits were \$2,178,418 and \$1,795,637, 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 \$1,230,301 and \$1,289,761 as of December 31, 2007 and 2006, 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 \$5,111,906 and \$5,007,544 at December 31, 2007 and 2006, 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 withdrawable 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;



SUMMIT COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

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).

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.

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 \$5,111,906 and \$5,007,544 at December 31, 2007 and 2006, respectively, and are included in restricted assets in the accompanying balance sheets.

Throughout 2007, the Authority issued approximately \$37.1 million on non-recourse Revenue Bonds outside the Bond Fund Program, which are outlined in Note 7. No revenue bonds were issued through the Bond Fund Program during 2007.

The following Revenue Bonds were issued during 2006 through the Bond Fund Program:

In January 2006, the Authority issued \$1.535 million Authority Development Revenue Bonds, as part of the Hiney Printing project. The proceeds of the bonds will be used to finance the acquisition of and improvements to an existing building to be used by Hiney Acquico, LLC in the City of Akron, Ohio.

In February 2006, the Authority issued \$2.215 million Authority Development Revenue Bonds, as part of the Lockheed Martin Airdock project. The proceeds of the bonds will be used to finance the costs of acquisition and installation of certain equipment to be leased to Lockheed Martin Corporation in the City of Akron, Ohio.

In February 2006, the Authority issued \$3 million Authority Development Revenue Bonds, as part of the EXAL Corporation project. The proceeds of the bonds will be used to finance the construction, installation, equipping and improvements of a manufacturing facility for EXAL Corporation in the City of Youngstown, Ohio.



SUMMIT COUNTY PORT AUTHORITY
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In October 2006, the Authority issued \$3.145 million Authority Development Revenue Bonds, as part of the Superior Roll Forming Co. project. The proceeds of the bonds will be used to finance the construction of 80,000 square foot light manufacturing and warehouse facility for Superior Roll located in the County of Medina, Ohio. The project will enable the consolidation of the sublessee's current assembly work and provide additional space for growth; primarily for the automotive industry.

In December 2006, the Authority issued \$6 million Authority Development Revenue Bonds, as part of the Cavaliers Practice Facility project. The proceeds of the bonds will be used to finance the construction of an approximately 50,000 square foot basketball practice and training facility, including private and related public improvements, to be constructed on and adjacent to a site located in the City of Independence, Ohio.

NOTE 5 – CAPITAL ASSETS

Summary by category of changes in capital assets:

	December 31, 2006	Additions	Disposals	December 31, 2007
Buildings	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000

On December 30, 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 and \$0 for the years ended December 31, 2007 and 2006, respectively.

NOTE 6 – BENEFIT PLAN

All employees of the Authority participate in one of the three pension plans administered by the Public Employees Retirement System of Ohio (PERS): the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing, multiple-employer, defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of members and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. The Ohio Public Employees Retirement Systems issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy 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.



SUMMIT COUNTY PORT AUTHORITY
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The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007 and 2006 employee and employer contribution rates were consistent across all three plans. The employee contribution rates were 9.5% and 59.0% for 2007 and 2006, respectively. The 2007 employer contribution rate for local government employer units was 13.77%, 13.54% and 13.55% of covered payroll for 2007, 2006 and 2005, respectively, to fund the pension and 5.0% , 4.5% and 4.5% for 2007, 2006 and 2005, 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 Ohio PERS for the years ending December 2007, 2006 and 2005 were \$43,691, \$39,002 and \$32,202, respectively.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to the Ohio PERS 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.

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 was \$5.4 million as of December 31, 2007.

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, 2007.



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Edgewood Apartments Project

In May 2007, the Authority issued \$12 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 \$12 million as of December 31, 2007.

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 \$4.1 million as of December 31, 2007.

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, 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, 2007 and 2006.

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



SUMMIT COUNTY PORT AUTHORITY
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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, 2007 and 2006.

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 was \$5 million as of December 31, 2007 and 2006.

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 was \$10.475 million as of December 31, 2007 and 2006.

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 was \$5.5 million as of December 31, 2007 and 2006.

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 \$2.225 million and \$2.3 million as of December 31, 2007 and 2006, respectively.



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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 \$4.915 million and \$5.135 million as of December 31, 2007 and 2006, respectively.

NOTE 8 – PAYABLE TO SUMMIT COUNTY FOR CAK INTERNATIONAL BUSINESS PARK

During 1999, Summit County advanced funds on behalf of the Authority for the construction of the CAK International Business Park. The funds were used for road construction, water lines, sewers, and street lighting. The Authority is required to reimburse Summit County for these funds over an 18-year amortization, with annual payments of principal and interest, commencing on December 2002 through December 2019. Interest from August 1999 to December 2002 is not being charged by Summit County. Interest is variable ranging from 4.65% to 6.6%, with escalating principal payments ranging from \$25,000 to \$250,000 throughout the term of the debt. Total amount of this debt was \$1,753,627.

In November 2005, Summit County waived all reimbursement payments from the Authority for this debt, and the Authority's debt obligation was being recognized into revenue over the amortization period of the obligation.

During 2007, this debt was reevaluated and based on correspondence with Summit County noting they no longer are recognizing this debt obligation from the Authority, a restatement of the 2006 financial statements was made to eliminate this former debt obligation and increase net assets as of January 1, 2006. This restatement resulted in a decrease in liabilities of \$1,399,427, a decrease in revenue (forgiveness of debt) of \$115,408 and increase in unrestricted net assets of \$1,514,835.

NOTE 9 – 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.



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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 10 below.

Approximate future annual debt service requirements for this obligation are:

	<u>Principal</u>	<u>Interest</u>
2008	120,000	672,912
2009	150,000	668,293
2010	175,000	662,292
2011-2015	1,345,000	3,172,160
2016-2020	891,270	4,221,855
2021-2025	2,664,800	3,104,400
2026-2030	4,985,000	1,811,175
2031-2035	4,050,000	413,000
	<u>\$ 14,381,070</u>	<u>\$ 14,726,087</u>

NOTE 10 – 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 \$1,155,829 and \$1,255,829 at December 31, 2007 and 2006, respectively.

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

2008	\$ 75,000
2009	75,000
2010	75,000
2011	75,000
2012	75,000
Thereafter	780,829
	<u>\$ 1,155,829</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. In 2006, property adjacent to the Civic Theater was sold to the City of Akron. As part of the sale agreement, the Civic Theater was to deposit \$100,000 of the sale proceeds into an escrow account.



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

2008	\$ -
2009	35,000
2010	35,000
2011	35,000
2012	40,000
Thereafter	525,000
	<u>\$ 670,000</u>

Administrator of Note Payable with City of Akron

The Authority is the administrator of this unsecured, non-interest bearing note payable created by the City of Akron. The Akron Civic Theater ("Civic Theater") is responsible for making the required principal payments on the note to the Authority. The Authority is responsible for forwarding these payments to the City of Akron. The balance on the note was \$1,155,829 and \$1,255,829 at December 31, 2007 and 2006, respectively. This outstanding balance is not reflected in these financial statements since it is the obligation of the Civic Theater.

NOTE 11 – 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 conduit debt obligation and is payable solely from the revenues received by the Authority under its agreement with Lockheed Martin Corporation. As of December 31, 2007, all funds have been drawn except for a 10% retainage of \$300,000 on the CORF.

NOTE 12 – LEASES

Operating leases

The Authority leases office space and certain equipment under operating leases. Rental expense was \$42,267 and \$40,646 under these leases for 2007 and 2006, respectively.

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

2008	\$ 35,400
2009	35,780
2010	37,680
2011	31,400
	<u>\$ 140,260</u>



SUMMIT COUNTY PORT AUTHORITY
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NOTE 13 – 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 2007, there were no insurance settlements in 2007 and 2006.

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 14 – 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 \$150,000 and \$175,000 for years ended December 31, 2007 and 2006, respectively.

NOTE 15 – SUBSEQUENT EVENTS

In February 2008, Twinsburg Township became delinquent on rental payments under the lease agreement with the Authority dated September 1, 2005, for the months of February and March 2008 amounting to \$79,448. The Authority paid these payments from their own funds to remain in good standing with the lender and the community although this was not the Authority's obligations. As of April 2008, the Authority has provided Twinsburg Township with a notice to vacate the premises.

Portage County

In June 2007, the Authority entered into a commitment with Portage County to issue TIF Revenue Bonds to assist in financing the construction of a of certain public improvements in connection with the Plaza Field, Ltd. and Schroer Properties of Ravenna, Inc developments located in Brimfield Township, Portage County, Ohio.

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. The Developer paid the Authority a \$50,000 commitment fee in December 2007. The project consists of four phases scheduled to begin in 2008.

Digestive Disease Consultants

In November 2007, the Authority entered into a commitment with Digestive Disease Consultants, Inc. to assist in financing the acquisition and construction of a 40,000 square foot medical office building located in Brunswick, Ohio in Medina County.

NOTE 16 – LETTER OF CREDIT

The Authority has a \$5 million, unsecured letter of credit in order to support issuance of development bonds via the Authority's Bond Fund Program. No amounts were outstanding on this letter of credit as of December 31, 2007 and 2006.





**Bober, Markey, Fedorovich
& Company**

Certified Public Accountants / Business Advisors
A Professional Corporation

3421 Ridgewood Road
Suite 300
Akron, Ohio 44333-3119
330.762.9785
FAX 330.762.3108
www.bobermarkey.com

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, 2007, and have issued our report dated April 14, 2008. 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.

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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, others within the entity, the Board of Directors, and should not be used by anyone other than these specified parties.

Bober, Markey, Fedorovich & Company

BOBER, MARKEY, FEDOROVICH & COMPANY

April 14, 2008





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
JUNE 3, 2008**