Summit County Port Authority

Basic Financial Statements
December 31, 2010 and 2009

Dave Yost • Auditor of State

Board of Directors
Summit County Port Authority
One Cascade Plaza
Floor 18
Akron, Ohio 44308-1125

We have reviewed the *Independent Auditors' Report* of the Summit County Port Authority, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

Dave Yost

Dave Yost
Auditor of State

June 30, 2011

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Summit County Port Authority

For the Year Ended December 31, 2010

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Ciuni &
Panichi
CPAs and Business Advisors

Independent Auditors' Report

To the Board of Directors of
Summit County Port Authority

We have audited the accompanying basic financial statements of the Summit County Port Authority (the "Authority") as of and for the year ended December 31, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. 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 audit. The financial statements of the Summit County Port Authority as of December 31, 2009, were audited by other auditors whose report dated June 21, 2010, expressed an unqualified opinion of those statements.

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. 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2010, the Authority implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets;* GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments;* and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies.*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
Joel Strom Associates LLC
C&P Wealth Management, LLC

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To the Board of Directors of
Summit County Port Authority

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 17, 2011

Summit County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2010

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, 2010.

The Authority is an independent political subdivision of the State of Ohio. The Authority was established in 1999 for the purpose of providing community and 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 provides Foreign-Trade Zone management and administrative services and the Authority is co-manager 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 Snap-On Business Solutions headquarters, the Akron Civic Theater, the Summa Hudson Wellness Center and numerous other projects.

In 2010 a stand-alone conduit financing was completed with Bridgestone to finance its new technical center in Akron. In addition the Authority issued lease-revenue bonds to finance an academic center for Kent State University in the City of Twinsburg.

Bond fund projects are projects issued through the Authority's common bond fund. There are only five Port Authority Bond Funds in Ohio. In 2010 the Authority financed two Bond Fund projects; Shearer's Foods Distribution Center and the East Bank of the Flats. Each of these projects were financed jointly by the Authority and the State of Ohio. The Flats project was done cooperatively with the Cleveland-Cuyahoga County Port Authority. Shearer's is the first project the Authority has financed in Stark County.

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 Authority 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.

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

1. On Feb 24, 2010 HPC Printing Co. notified the Authority of its inability to make the financing payments under the Series 2006B loan agreement. The Series 2006B Bonds were issued on January 31, 2006. The original principal amount of the Series 2006B Bonds was $1,535,000. The outstanding principal amount of the Series 2006B Bonds at the time was $1,265,000. HPC was ceasing operations to pursue an orderly liquidation. On May 15, 2010 the Authority drew on a direct pay letter of credit (LOC) that was security for the series 2006B project and called the bonds. The Authority used the proceeds from the LOC ($153,500) and the program reserve for the Bond Fund ($1,100,000) and $11,500 of its own reserves to pay off the series 2006B Project. The Authority entered into negotiations with HPC to obtain title to the Series 2006B Project through a deed in lieu of foreclosure and to cover any deficient amounts under certain guarantees. The Authority plans to sell the Series 2006B Project so the proceeds of sale may be deposited by the Trustee into the Collateral Proceeds Account of the Bond Fund. The Authority has now listed the property for sale or lease.

2. The Authority, through a cooperative arrangement between the Cleveland-Cuyahoga County Port Authority, Toledo-Lucas County Port Authority, Ohio Manufacturers' Association and First Energy, was able to supplement its reserves by $2.4 million. This unique partnership is designed to enhance development financing activities by the three authorities in First Energy's service territory and was provided via a Public Utilities Commission of Ohio stipulation. In 2010, the Authority received $1,650,000 with the final deposit due in July 2011.

3. In April 2010, the Authority reached a settlement with the Twinsburg Township Trustees to receive $1,200,000 which will be used to completely payoff the Series 2005D Bonds upon purchase of the Series 2005D Project by the Humane Society and in order to compensate the Authority for some of its expenses. In April and November 2010, the Township delivered a total of $1 million to the Authority with the outstanding balance due on March 15, 2011 and paid on March 7, 2011.

4. In 2010, a tenant at the CAK International Business Park, Arcadi/Sunset Enterprises, defaulted on its lease of Parcels 12 and 13. Neither the Authority nor its co-manager receives lease income on those two parcels and the partnership must pay the airport ground lease out of other ground lease revenues.

5. ASW Real Estate sold its interest in the Joint Venture with the Authority at the CAK International Business Park to SB Equities. SB Equities also purchased two of the buildings ASW owned at the park. SB Equities now performs the duties of co-manager, developer and property manager at the park.

Condensed Statement of Net Assets Information

The tables below provide a summary of the Authority's financial position and operations for 2010, 2009 and 2008, respectively. Certain reclassifications have been made to the 2009 and 2008 financial statements in order to conform to the 2010 and 2009 presentation, respectively.

Summit County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2010

Condensed Statement of Net Assets Information (continued)

Comparison of 2010 vs. 2009 Results:

	2010	2009	Change Amount	Change %
Assets:				
Current assets	$ 1,165,028	$ 958,950	$ 206,078	21.5%
Capital assets – net	5,727,500	4,825,000	902,500	18.7%
Restricted assets	72,127,348	58,091,365	14,035,983	24.2%
Total assets	79,019,876	63,875,315	15,144,561	23.7%
Liabilities and net assets:				
Liabilities:				
Current liabilities	3,351,533	2,661,299	690,234	25.9%
Other liabilities	65,486,088	53,651,720	11,834,368	22.1%
Total liabilities	68,837,621	56,313,019	12,524,602	22.2%
Net assets:				
Invested in capital assets net of related debt	2,400,000	1,425,000	975,000	68.4%
Restricted	6,385,351	5,000,000	1,385,351	27.7%
Unrestricted	1,396,904	1,137,296	259,608	22.8%
Total net assets	$ 10,182,255	$ 7,562,296	$ 2,619,959	34.7%

Comparison of 2009 vs.2008 Results:

	2009	2008	Change Amount	Change %
Assets:				
Current assets	$ 958,950	$ 1,299,027	$ (340,077)	(26.2)%
Capital assets – net	4,825,000	1,450,000	3,375,000	232.8 %
Restricted and other assets	58,091,365	65,627,120	(7,535,755)	(11.5)%
Total assets	63,875,315	68,376,147	(4,500,832)	(6.6)%
Liabilities and net assets:				
Liabilities:				
Current liabilities	2,661,299	2,401,275	260,024	10.8%
Other liabilities	53,651,720	57,920,318	(4,268,598)	(7.4)%
Total liabilities	56,313,019	60,321,593	(4,008,574)	(6.7)%
Net assets:				
Invested in capital assets net of related debt	1,425,000	1,450,000	(25,000)	(1.7)%
Restricted	5,000,000	5,000,000	-	-
Unrestricted	1,137,296	1,604,554	(467,258)	(29.1%)
Total net assets	$ 7,562,296	$ 8,054,554	$ (492,458)	(6.1)%

Results are positively affected due to two factors, (1) two new Bond Fund transactions, and; (2) restricted cash provided to the Bond Fund through the partnership with Ohio Manufacturers' Association ("OMA") and First Energy.

Summit County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2010

***Capital Assets**:* The Authority's investment in property as of December 31, 2010, 2009, and 2008 amounted to approximately \$5.727 million, \$4.825 million, and \$1.45 million, respectively (net of accumulated depreciation). Capital assets before accumulated depreciation increased from 2008 to 2009 by \$3.4 million due to the Authority reclassifying the fair value of the Twinsburg land and building from the note receivable on the Twinsburg bond receivable to fixed assets for future sale. Capital assets before accumulated depreciation increased from 2009 to 2010 by \$1 million resulting from the orderly liquidation of HPC. Of this amount, \$918,870 represented the value of the building. This building is not in use as of December 31, 2010 and therefore is not being depreciated. Additional information on the Authority's capital assets can be found in the notes to the Authority's financial statements. A summary of the activity in the Authority's capital assets during the years ended December 31, 2010 and December 31, 2009, is as follows:

	Balance at January 1, 2010	Additions	Deletions	Reclassifications	Balance at December 31, 2010
Capital assets not being depreciated:					
Land	$ -	$ 81,130	$ -	$ 1,000,000	$ 1,081,130
Capital assets being depreciated:					
Buildings	4,900,000	918,870	-	(1,000,000)	4,818,870
Less accumulated depreciation:					
Buildings	(75,000)	(97,500)	-	-	(172,500)
Total capital assets being depreciated, net	4,825,000	821,370	-	(1,000,000)	4,646,370
Capital assets, net	$ 4,825,000	$ 902,500	$ -	$ -	$ 5,727,500

	Balance at January 1, 2009	Additions	Deletions	Reclassifications	Balance at December 31, 2009
Capital assets being depreciated:					
Property	$ 1,500,000	$ 3,400,000	$ -	$ -	$ 4,900,000
Less accumulated depreciation:					
Buildings	(50,000)	(25,000)	-	-	(75,000)
Total capital assets being depreciated, net	1,450,000	3,375,000	-	-	4,825,000
Capital assets, net	$ 1,450,000	$ 3,375,000	$ -	$ -	$ 4,825,000

Summit County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2010

Statement of Revenues, Expenses, and Changes in Net Assets Information

The Authority's net assets increased / (decreased) by $2,619,959, ($492,258) and ($146,424) in 2010, 2009, and 2008, respectively. Key elements of these changes are summarized below:

			Change	
	2010	2009	Amount	%
Operating revenues:				
Project administrative fees	$ 189,957	$ 202,835	$ (12,878)	(6.3%)
CAK Business Park – lease administrative revenue	101,559	149,176	(47,617)	(31.9%)
Loan processing fees	301,763	156,465	145,298	92.9%
Foreign trade zone contract service and administrative fees	8,000	7,500	500	6.7%
Summit County operating grant	150,000	150,000	-	-
Twinsburg Township settlement	321,419	-	321,419	100.0%
Twinsburg reimbursed expenses	-	2,306	(2,306)	(100.0%)
Total operating revenues	1,072,698	668,282	404,416	60.5%
Operating expenses:				
Salaries and benefits	396,899	392,848	4,051	1.0%
Professional services	51,223	47,975	3,248	13.0%
Depreciation expense	97,500	25,000	72,500	290.0%
Bad debt expense	113,500	111,500	2,000	1.8%
Other operating expenses	254,169	182,293	71,876	39.4%
Twinsburg Township project expenses	6,393	430,131	(423,728)	(98.5%)
Total operating expenses	919,684	1,189,747	(270,063)	(22.7%)
Operating income (loss)	153,014	(521,465)	674,479	129.3%
Non-operating revenues (expenses):				
Interest income	6,817	20,719	(13,902)	(67.1%)
Non-operating grant revenue	2,483,333	-	2,483,333	100.0%
Unrealized (loss) gain on investment in Greater Akron Investment Partners	(23,205)	8,488	(31,693)	(373.3%)
Non-operating income	2,466,945	29,207	2,437,738	8,346.4%
Change in net assets	2,619,959	(492,258)	3,112,217	632.2%
Net assets – beginning of year	7,562,296	8,054,554	(492,258)	(6.1%)
Net assets – end of year	$ 10,182,255	$ 7,562,296	$ 2,619,959	34.7%

Summit County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2010

Operating and Non-operating Revenues*:* During 2010, revenues improved due to a 93% increase in loan processing fee income. Non-operating revenue increased substantially due to a grant from OMA which was made to the Authority's Bond Fund program reserves.

Operating Expenses: Expenses declined substantially because the Authority did not have to make Twinsburg Township bond interest payments and absorb other expenses (utilities, maintenance, etc.) relative to the building.

	Change			
	2009	2008	Amount	%
Operating revenues:				
Project administrative fees	$ 202,835	$ 247,153	$ (44,318)	(17.3%)
CAK Business Park – lease administrative revenue	149,176	156,682	(7,506)	(4.8%)
Loan processing fees	156,465	103,405	53,060	51.3%
Foreign trade zone contract service and administrative fees	7,500	12,400	(4,900)	(39.5%)
Summit County operating grant	150,000	125,000	25,000	20.0%
Twinsburg reimbursed expenses	2,306	35,425	(33,119)	(93.5%)
Total operating revenues	668,282	680,065	(44,902)	(6.6%)
Operating expenses:				
Salaries and benefits	392,848	381,120	11,728	3.1%
Professional services	47,975	192,548	(144,573)	(75.1%)
Other operating expenses	318,793	387,664	(68,871)	(17.8%)
Twinsburg Township project expenses	430,131	61,956	368,175	594.3%
Total operating expenses	1,189,747	1,023,288	166,459	16.3%
Operating loss	(521,465)	(343,223)	178,242	51.4%
Non-operating revenues:				
Interest income	20,719	143,292	(122,573)	(85.5%)
Unrealized gain on investment in Greater Akron Investment Partners	8,488	53,507	(45,019)	(84.1%)
Total non-operating income	29,207	196,799	(167,592)	(85.1%)
Change in net assets	(492,258)	(146,424)	345,834	236.2%
Net assets – beginning of year	8,054,554	8,200,978	(146,424)	(1.8%)
Net assets – end of year	$ 7,562,296	$ 8,054,554	$ (492,258)	(6.1%)

***Operating Revenues**:* Collectively, total operating revenues decreased by nearly $45,000 during 2009. For most of 2009, the Authority operated in an extremely challenging economic environment, as did most public and private sector enterprises. The Authority did not issue any bond fund program deals during 2009 and therefore project administrative fees decreased when compared to 2008.

Operating Expenses: 2009 Expenses increased substantially due to expenses related to payments made by the Authority toward the Twinsburg Township project as discussed above when the Township failed to meet its obligation to the Authority.

Factors Expected to Impact the Authority's Future Financial Position or Results of Operations

The year 2010 was markedly improved from 2009, and as the year came to a close all indications point to a very positive 2011. Management anticipates an active pipeline of projects and expects revenue growth reflective of the increased deal volume.

It is noteworthy that all the anticipated projects to close by year-end are conduit, non-bond fund program projects.

One question mark is the attractiveness to the market of the Fund's BBB Rating. It is conceivable that if interest rates begin to rise as the economy improves, the fully amortizing & long-term fixed rates provided by the fund may be attractive to clients financing owner occupied real estate & public infrastructure projects.

Contacting the Authority's Finance Department

The financial statements are designed to provide the public, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for funds it receives and generates. If you have any questions about these financial statements or need additional financial information, please contact Christopher Burnham, President, and/or Assistant Secretary to the Board Elizabeth Leonard.

Summit County Port Authority

Statements of Net Assets

December 31, 2010 and 2009

		2010		2009
Assets:				
Current assets:				
Unrestricted assets:				
Cash	$	731,259	$	900,063
Accounts receivable		411,092		11,406
Administrative fee receivable		5,604		7,348
Prepaid expenses		17,073		40,133
Total unrestricted current assets		1,165,028		958,950
Restricted assets:				
Grant receivable		833,333		-
Total current assets		1,998,361		958,950
Non-current assets:				
Restricted assets:				
Cash – Board restricted		1,627,880		852,410
Restricted cash – Humane Society security deposit		50,058		50,005
Restricted cash – Bond Fund Program Reserve		5,552,538		5,000,125
Investment in Greater Akron Investment Partners		255,221		203,426
Note receivable – Akron Civic Theater		1,140,829		1,140,829
Lease receivable – Akron Civic Theater		13,936,070		14,111,070
Lease receivable – Bridgestone		7,550,000		-
		30,112,596		21,357,865
Bond fund transactions:				
Note receivable – Garfield Heights project		2,435,000		2,545,000
Note receivable – Goodyear project		2,750,000		3,605,000
Note receivable – Village of Seville project		1,730,000		1,800,000
Note receivable – Twinsburg project		911,419		1,680,000
Note receivable – Summit County Workforce Policy project		4,325,000		4,490,000
Note receivable – Portage County Brimfield project		2,350,000		2,445,000
Note receivable – Lockheed/Martin Airdock project		965,000		1,320,000
Note receivable – Hiney Printing project		-		1,153,500
Note receivable – Exal Corporation project		1,885,000		2,165,000
Note receivable – Superior Roll Forming project		2,845,000		2,940,000
Note receivable – Cavalier project		5,455,000		5,650,000
Note receivable – Plaza Schroer project		940,000		940,000
Note receivable – Digestive Disease project		5,890,000		6,000,000
Note receivable – Shearer's Foods project		4,000,000		-
Note receivable – City of Cleveland – Flats East project		4,700,000		-
Total bond fund transactions		41,181,419		36,733,500
Capital assets:				
Land		1,081,130		-
Buildings		4,818,870		4,900,000
Total		5,900,000		4,900,000
Less: accumulated depreciation		(172,500)		(75,000)
Net book value of capital assets		5,727,500		4,825,000
Total non-current assets		77,021,515		62,916,365
Total assets	$	79,019,876	$	63,875,315

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

Summit County Port Authority

Statements of Net Assets (continued)

December 31, 2010 and 2009

		2010		2009
Liabilities:				
Current liabilities:				
Payable from unrestricted assets:				
Deposits held	$	533,125	$	600,087
Accounts payable		18,658		44,990
Accrued expenses		19,418		16,222
		571,201		661,299
Payable from restricted assets:				
Note payable – Summit County, current portion		75,000		75,000
Revenue bonds – Akron Civic Theater, current portion		205,000		175,000
Revenue bonds – Bond Fund projects, current portion		2,475,000		1,750,000
Delinquent taxes payable, current portion		25,332		-
		2,780,332		2,000,000
Total current liabilities		3,351,533		2,661,299
Noncurrent liabilities:				
Deferred revenue		331,222		289,821
Payable from restricted assets:				
Note payable – Summit County		855,829		930,829
Revenue bonds – Akron Civic Theater		13,731,070		13,936,070
Revenue bonds – Bridgestone		7,550,000		-
Deferred lease payments – Humane Society		300,000		-
Delinquent taxes payable – long-term portion		32,967		-
Bond Fund transactions (see Note 3)		42,685,000		38,495,000
Total payable from restricted assets		65,154,866		53,361,899
Total noncurrent liabilities		65,486,088		53,651,720
Total liabilities		68,837,621		56,313,019
Net assets:				
Invested in capital assets, net of related debt		2,400,000		1,425,000
Restricted		6,385,351		5,000,000
Unrestricted		1,396,904		1,137,296
Total net asset		10,182,255		7,562,296
Total liabilities and net assets	$	79,019,876	$	63,875,315

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, 2010 and 2009

	2010	2009
Operating revenues:		
Project administrative fees	$ 189,957	$ 202,835
CAK Business Park – lease administrative revenue	101,559	149,176
Loan processing fees	301,763	156,465
Foreign trade zone contract service and administrative fees	8,000	7,500
Summit County operating grant	150,000	150,000
Twinsburg Township settlement	321,419	-
Twinsburg Township reimbursed expenses	-	2,306
Total operating revenues	1,072,698	668,282
Operating expenses:		
Salaries and benefits	396,899	392,848
Professional services	51,223	47,975
Depreciation expense	97,500	25,000
Bad debt expense	113,500	111,500
Other operating expenses	254,169	182,293
Twinsburg Township project expenses	6,393	430,131
Total operating expenses	919,684	1,189,747
Operating income (loss)	153,014	(521,465)
Non-operating (expenses) revenues:		
Interest income	6,817	20,719
Non-operating grant revenue	2,483,333	-
Unrealized (loss) gain on investment in Greater Akron Investment Partners	(23,205)	8,488
Total non-operating income	2,466,945	29,207
Change in net assets	2,619,959	(492,258)
Net assets – beginning of year	7,562,296	8,054,554
Net assets – end of year	$ 10,182,255	$ 7,562,296

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, 2010 and 2009

	2010	2009
Operating activities:		
Receipts (payments) for development projects	$ 931,898	$ (992,252)
Received from grants	75,000	150,000
Payments for goods and services	(311,785)	(640,664)
Payments to and on behalf of employees	(396,899)	(386,378)
Net cash provided by (used in) operating activities	298,214	(1,869,294)
Noncapital financing activities:		
Lease payments received	475,000	150,000
Grant money received	1,650,000	-
Payments on line of credit / note payable	(75,000)	(75,000)
Net cash provided by noncapital financing activities	2,050,000	75,000
Capital and related financing activities:		
Net payments from the redemption of revenue bonds	(1,274,399)	(150,000)
Net borrowings under revolving credit facility	153,500	-
Net cash used in capital and related financing activities	(1,120,899)	(150,000)
Investing activities:		
Investment in Greater Akron Investment Partners	(75,000)	(75,000)
Fees on investments held with Greater Akron Investment Partners	-	4,602
Interest on investments	6,817	20,719
Net cash used in investing activities	(68,183)	(49,679)
Net increase (decrease) in cash and cash equivalents	1,159,132	(1,993,973)
Cash and cash equivalents – beginning of year	6,802,603	8,796,576
Cash and cash equivalents – end of year	$ 7,961,735	$ 6,802,603

	2010	2009
Reconciliation of cash and equivalents to the Statement of Net Assets:		
Cash - unrestricted	$ 731,259	$ 900,063
Cash – board restricted	1,627,880	852,410
Restricted cash – Humane Society security deposit	50,058	50,005
Restricted cash – Bond Fund Program Reserve	5,552,538	5,000,125
Cash and cash equivalents – end of year	$ 7,961,735	$ 6,802,603

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

Summit County Port Authority

Statements of Cash Flows (continued)

For the Years Ended December 31, 2010 and 2009

		2010		2009
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	$	153,014	$	(521,465)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation		97,500		25,000
Write-off of bad debt		113,500		111,500
Changes in assets and liabilities:				
Accounts receivables		(399,686)		275,197
Administrative fees receivables		1,744		(1,641)
Prepaid expenses		23,060		689
Deposits held		(66,962)		(1,765,492)
Accounts payable		(26,852)		19,046
Accrued payroll and payroll taxes		61,495		6,470
Deferred revenue		341,401		(18,598)
Net cash provided by (used in) operating activities	$	298,214	$	(1,869,294)

Supplemental Disclosure of Non-cash Investing and Financing Activities:

During 2010, the Authority issued approximately $8.7 million of Revenue Bonds through the Bond Fund Program related to various economic development projects which are described in Note 3 to the financial statements. The Authority did not issue revenue bonds through the Bond Fund Program during 2009. Payments made on the Bond Fund Program Revenue Bonds issued and outstanding totaled $3.785 million and $2.025 million respectively during 2010 and 2009.

The Authority issued $83.745 million and $29.3 million of non-recourse Revenue Bonds (conduit debt) related to various economic development projects which are described in Note 4 to the financial statements as of December 31, 2010 and 2009, respectively. Payments made on the conduit debt issued and outstanding totaled approximately $17 million and $7.5 million respectively during 2010 and 2009.

The land and building additions during 2010 from the orderly liquidation of HPC, was appraised at $1 million. The land and building decreased the note receivable on the Hiney project by the appraised fair value.

During 2009, the Authority received land and a building relating to the Twinsburg Township settlement. The land and building received decreased the note receivable on the Twinsburg project by the appraised fair value of the assets of $3.4 million.

The Authority had a $23,205 unrealized loss and a $8,488 unrealized gain on its investment in the Greater Akron Investment Partnership as of December 31, 2010 and 2009, respectively

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

Note 1: Summary of Significant Accounting Policies

Reporting Entity – 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.

Basis of Accounting – The accompanying financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental entities as prescribed by the Governmental Accounting Standards Board ("GASB"). All transactions are accounted for in a single enterprise fund. The statements were prepared using the economic resources measurement focus and the accrual basis of accounting. The Authority's enterprise fund financial statements are prepared using the accrual basis of accounting.

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. Non-operating expenses consist of unrealized loss on investment. The Authority first applies restricted resources when an expense is incurred for both restricted and unrestricted net assets are available.

The 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 the Financial Accounting Standards Board Codification issued after November 30, 1989. The Authority will continue applying all applicable pronouncements issued by the GASB.

Basis of Presentation – The enterprise fund is accounted for on a flow of economic resources measurement focus. The Authority's basic financial statements consist of a statement of net assets, statement of revenue, expenses and changes in net assets and statement of cash flows.

Note 1: Summary of Significant Accounting Policies (continued)

Measurement Focus – The measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability.

Conduit Debt – As part of its efforts to promote economic development within northeastern Ohio, over the past several years, the Authority has issued debt obligations and loaned the proceeds to industrial, commercial, governmental and nonprofit organizations, primarily located within Summit County, Ohio. The obligations are secured by the property financed and are payable solely from the payments received by the trustee from the borrowers or other sources designated in the related agreements.

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 three banks. These accounts are insured by the Federal Deposit Insurance Corporation.

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 are funds relating to the Project Activity Account which are pass-through monies to the Authority, but 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 repurchase agreements at December 31, 2010 and 2009. These investments are considered cash equivalents.

Note 1: Summary of Significant Accounting Policies (continued)

Restricted Cash (continued)

> ***Humane Society security deposit*** – In connection with the agreement with the Humane Society (Note 11), the Authority received a $50,000 security deposit that is to be held separately in an interest bearing account. The Authority may use the security deposit to payor offset any amount or perform any obligation that the Humane Society fails to perform under the lease terms. If no default exists, upon termination of the lease, the Authority will refund the balance to the Humane Society, less any portion of the security deposit used by the Authority.

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 40 year useful lives. As discussed in Note 5, the Authority acquired land and a building relating to the default of the Hiney Printing project and this building is considered not in use as of December 31, 2010 and therefore this building is not being depreciated.

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.

Subsequent Events – In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 17, 2011, the date the financial statements were available to be issued.

New Accounting Standards – During 2010, the Authority implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies.*

GASB Statement No. 51 provides guidance on accounting and financial reporting requirements for intangible assets. The Authority has no intangible assets and thus, the implementation of this Statement has no impact on the Authority's financial statements or disclosures.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The Authority has no derivatives and thus, the implementation of this Statement has no impact on the Authority's financial statements or disclosures.

Note 1: Summary of Significant Accounting Policies (continued)

New Accounting Standards (continued) – GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The Authority did not file for Chapter 9 bankruptcy and thus, the implementation of this Statement has no impact on the Authority's financial statements or disclosures.

Note 2: Deposits and Investments

Deposits – The Authority's depository requirements are governed by state statutes and require that deposits be placed in eligible banks or savings and loans located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value at least equal to the amount of deposits not insured by the Federal Deposit Insurance Corporation. Collateral that may be pledged is limited to obligations of the following entities: the U.S. government and its agencies, the State of Ohio, and any legally constituted taxing subdivision within the State of Ohio.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority has no deposit policy for custodial risk beyond the requirements of state statute. At December 31, 2010 and 2009, the carrying amounts and bank balances of the Authority's deposits were $1,069,879 and $98,720 respectively. Of the bank balance, $819,879 was exposed to custodial risk and $250,000 was covered by the FDIC at December 31, 2010. The entire bank balance was covered by the FDIC at December 31, 2009. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of the money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC. The Authority's carrying amount of cash on deposit with the County was $1,339,318 and $1,703,758 as of December 31, 2010 and 2009, 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 investment policies are governed by state statutes which authorize the Authority to invest in obligations of the U.S. government, its agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; money market mutual funds; and repurchase transactions and commercial paper. Repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or any eligible dealer who is a member of the National Association of Securities Dealers. Repurchase transactions are not to exceed a period of 30 days and must be secured by the specific government securities upon which the repurchase agreements are based.

These securities must be obligations of, or guaranteed by, the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

Note 2: Deposits and Investments (continued)

The Authority is prohibited from investing in any financial instrument, contract or obligation whose value or return is based upon, or linked to, another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

The Authority's investments at December 31, 2010 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in years) less than 1 year	% of Total
Repurchase Agreements	$ 5,552,538	AAA[1] / Aaa[2]	$ 5,552,538	80.6%
STAR Ohio	1,339,318	AAAm[1]	1,339,318	19.4%
Total Investments	$ 6,891,856		$ 6,891,856	100.0%

[1] Standard & Poor's
[2] Moody's Investor Service

The Authority's investments at December 31, 2009 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in years) less than 1 year	% of Total
Repurchase Agreements	$ 5,000,125	AAA[1] / Aaa[2]	$ 5,000,125	74.6%
STAR Ohio	1,703,758	AAAm[1]	1,703,758	25.4%
Total Investments	$ 6,703,883		$ 6,703,883	100.0%

[1] Standard & Poor's
[2] Moody's Investor Service

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policies limit its investment portfolio to maturities of five years or less, which is in accordance with Ohio law. All of the above Authority's investments at December 31, 2010 and 2009 have effective maturity dates of less than five years.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Authority places no limit on the amount it may invest in any one issuer.

Credit Risk – The Authority's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

Note 2: Deposits and Investments (continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Authority's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Authority.

In January 2008, the Authority purchased 0.75 of one membership unit in the Greater Akron Investment Partners, LLC ("GAIP") for $75,000. The net profits and losses of GAIP are allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The Authority contributes an additional $75,000 into the investment annually through 2010 as part of a three-year commitment. The Authority recognized an unrealized loss of $23,205 during 2010 and an unrealized gain of $8,488 during 2009 on this investment. The Authority's equity interest in GAIP was $255,221 and $203,426 at December 31, 2010 and 2009, respectively.

Note 3: 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 $5,552,538 and $5,000,125 at December 31, 2010 and 2009, respectively, and are included in restricted assets in the accompanying statement of net assets.

Note 3: Bond Fund Program (continued)

In January 2010, the Authority obtained a commitment from the Ohio Manufacturers' Association ("OMA"), the Ohio Edison Company, the Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively the "Companies") for $2.4 million to be paid in three equal installments from January 2010 through July 2011. The Authority is required to deposit these funds into the Bond Fund Program Reserve account, and to the fullest extent reasonable under the Bond Fund Program, these funds should be used by OMA members which are also the Authority's customers. The Authority received two payments during 2010 totaling $1,650,000, with the final payment expected to be received in July 2011.

The following Revenue Bonds were issued during 2010 through the Bond Fund Program:

> On December 1, 2010, the Authority issued $4,700,000 of Tax-Exempt Recovery Zone Facility Revenue Bonds as part of the City of Cleveland - Flats East Development Project. The proceeds of the bonds will be used to provide funds to pay a portion of the costs of constructing, installing, improving, and equipping an approximately 476,000 square foot, 18-story office tower situated on an approximately three acre site to be owned in part by the Cleveland-Cuyahoga County Port Authority, and located on the banks of the Cuyahoga River in the downtown area of the City of Cleveland, Ohio.
>
> On December 1, 2010, the Authority issued $4,000,000 of Taxable Development Revenue Bonds as part of the Shearer's Foods Project. The proceeds of the bonds will be used to provide funds to pay a portion of the costs of the construction, installation, equipping, and improvement of an approximately 40,000 square foot snack food production plant and an approximately 12,000 square foot warehouse facility to be used by the Company in its business producing snack chips and other snack products located on certain real property owned by the Company located in the City of Massillon, Ohio (the "City").

Summit County Port Authority

Notes to Financial Statements (continued)

December 31, 2010 and 2009

Note 3: Bond Fund Program (continued)

Changes in the Authority's Bond Fund program for the year ended December 31, 2010 were as follows:

	Balance January 1, 2010	Increase	Decrease	Balance December 31, 2010	Due Within One Year
Garfield Heights project	$ 2,545,000	$ -	$ (110,000)	$ 2,435,000	$ 115,000
Goodyear project	3,605,000	-	(855,000)	2,750,000	650,000
Village of Seville project	1,800,000	-	(70,000)	1,730,000	70,000
Twinsburg project	5,080,000	-	(190,000)	4,890,000	200,000
Summit County Workforce Policy project	4,490,000	-	(165,000)	4,325,000	175,000
Portage County Brimfield project	2,445,000	-	(95,000)	2,350,000	100,000
Lockheed/Martin Airdock project	1,320,000	-	(355,000)	965,000	375,000
Hiney Printing project	1,265,000	-	(1,265,000)	-	-
Exal Corporation project	2,165,000	-	(280,000)	1,885,000	295,000
Superior Roll Forming project	2,940,000	-	(95,000)	2,845,000	100,000
Cavalier project	5,650,000	-	(195,000)	5,455,000	205,000
Plaza Schroer project	940,000	-	-	940,000	10,000
Digestive Disease project	6,000,000	-	(110,000)	5,890,000	180,000
Shearer's Foods project	-	4,000,000	-	4,000,000	-
City of Cleveland – Flats East project	-	4,700,000	-	4,700,000	-
Total	$ 40,245,000	$ 8,700,000	$ (3,785,000)	$ 45,160,000	$ 2,475,000

Changes in the Authority's Bond Fund program for the year ended December 31, 2009 were as follows:

	Balance January 1, 2009	Increase	Decrease	Balance December 31, 2009	Due Within One Year
Garfield Heights project	$ 2,650,000	$ -	$ (105,000)	$ 2,545,000	$ 110,000
Goodyear project	4,145,000	-	(540,000)	3,605,000	-
Village of Seville project	1,860,000	-	(60,000)	1,800,000	70,000
Twinsburg project	5,260,000	-	(180,000)	5,080,000	190,000
Summit County Workforce Policy project	4,650,000	-	(160,000)	4,490,000	165,000
Portage County Brimfield project	2,475,000	-	(30,000)	2,445,000	95,000
Lockheed/Martin Airdock project	1,655,000	-	(335,000)	1,320,000	355,000
Hiney Printing project	1,345,000	-	(80,000)	1,265,000	85,000
Exal Corporation project	2,430,000	-	(265,000)	2,165,000	280,000
Superior Roll Forming project	3,030,000	-	(90,000)	2,940,000	95,000
Cavalier project	5,830,000	-	(180,000)	5,650,000	195,000
Plaza Schroer project	940,000	-	-	940,000	-
Digestive Disease project	6,000,000	-	-	6,000,000	110,000
Total	$ 42,270,000	$ -	$ (2,025,000)	$ 40,245,000	$ 1,750,000

Note 3: Bond Fund Program (continued)

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

Year	Principal	Interest	Total
2011	$ 2,475,000	$ 2,793,083	$ 5,268,083
2012	3,005,000	2,626,976	5,631,976
2013	2,570,000	2,442,442	5,012,442
2014	2,640,000	2,266,576	4,906,576
2015	2,155,000	2,116,060	4,271,060
2016 – 2020	10,910,000	8,511,392	19,421,392
2021 – 2025	15,385,000	4,499,270	19,884,270
2026 – 2030	2,665,000	1,290,184	3,955,184
2031 – 2035	1,405,000	702,150	2,107,150
2036 – 2040	1,950,000	128,606	2,078,606
Total	$ 45,160,000	$ 27,376,739	$ 72,536,739

Note 4: Conduit Debt

In accordance with *Government 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.

Kent State University Project – In September 2010, the Authority issued $13.745 million of Taxable Development Revenue Bonds. The bonds will be used to provide financing for the acquisition, construction, equipping, furnishing, and improvement of real and personal property comprising port authority facilities to be used as an auxiliary and educational facility for the benefit of Kent State University, including without limitation, construction of an approximately 44,000 square foot building and improvements thereto on an approximately 12 acre site that is a portion of the real property located in the City of Twinsburg, Summit County, Ohio. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Kent State University. 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 $13.745 million as of December 31, 2010.

Bridgestone Americas Tire Operations, LLC Project – In March of 2010, the Authority issued up to $70 million of Taxable Development Revenue Bonds. The bonds will be used to finance the costs of the construction and improvement of the Tech Center, the Parking Facility and the Pedestrian Connector. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Bridgestone Americas Tire Operations, LLC. 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 $70 million as of December 31, 2010.

Note 4: Conduit Debt (continued)

Bridgestone Americas Tire Operations, LLC Project (continued) – The Tech Center is being leased by the Authority to SMBC Leasing and Finance, Inc. ("SMBC") and subleased by SMBC to BATO. Under that sublease, BATO has agreed to make rental payments to SMBC in an amount sufficient to pay debt service when due on the Bonds. Those rental payments have been pledged to the trustee for the Bonds as the revenue source to secure the payment of debt service on the Bonds. The Bonds are revenue obligations of the Authority, payable solely from the Tech Center Revenues. Neither the Authority nor the County is obligated to pay debt service on the Bonds from any source other than the Tech Center Bond Revenues.

The Goodyear Tire and Rubber Company - Property Purchase – In May 2009, the Authority issued $17.2 million of Taxable Development Revenue Bonds. The bonds will be used for the acquisition of certain properties from the Goodyear Tire & Rubber Co. for redevelopment purposes. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with IRG Rubber City, LLC. 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 $15.09 million and $16.53 million as of December 31, 2010 and 2009, respectively.

Akron YMCA Project – In November 2009, the Authority issued $12.1 million of Multi-Mode Variable Rate Civic Facility Improvement and Revenue Bonds. The bonds will be used to pay back existing bonds outstanding in the amount of $6.1 million and the remaining bonds will be used to finance costs of acquiring, constructing, furnishing, improving, and equipping facilities for the YMCA. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with the YMCA. 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 $11.69 million and $12.02 million as of December 31, 2010 and 2009, respectively.

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 trustee 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 $13.55 million and $14.78 million as of December 31, 2010 and 2009, respectively.

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 trustee 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 $3.78 million and $4.32 million as of December 31, 2010 and 2009, respectively.

Note 4: Conduit Debt (continued)

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, Ohio. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with the Akron Community Service Center and Urban League, Inc, (lithe "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 $3.34 million and $3.47 million as of December 31, 2010 and 2009, respectively.

Edgewood Apartments Project – In May 2007, the Authority issued $11.25 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds were used to finance the acquisition and construction of 80 units of residential rental housing. These bonds were special obligations of the Authority payable solely from the revenue received by the trustee 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 was non-cancelable until the underlying revenue bonds were paid in full. All expenses related to the revenue bonds were being paid out of the bond proceeds. The bond was secured by assets of the project. The entire balance of $11.25 million was paid 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 trustee 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 $2.865 million and $3,235 million as of December 31, 2010 and 2009, respectively.

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, Ohio. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee 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 $9 million as of December 31, 2010 and 2009.

Note 4: Conduit Debt (continued)

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 trustee 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 $3.925 million and $3.96 million as of December 31, 2010 and 2009, respectively.

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 trustee 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 $15.1 million and $15.405 million as of December 31, 2010 and 2009, respectively.

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 trustee 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 $2.75 million and $3.25 million as of December 31, 2010 and 2009, respectively.

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 trustee 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 $9.545 million and $9.865 million as of December 31, 2010 and 2009, respectively.

Note 4: Conduit Debt (continued)

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 trustee 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 $4.03 million and $4.33 million as of December 31, 2010 and 2009, respectively.

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 trustee 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 $1.98 million and $2.065 million as of December 31, 2010 and 2009, respectively.

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 trustee 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 $4.135 million and $4.395 million as of December 31, 2010 and 2009, respectively.

Note 4: Conduit Debt (continued)

Approximate future annual principal debt service requirements for these conduit debt obligations for the next five years and thereafter are:

Year	Amount
2011	$ 6,825,612
2012	8,078,055
2013	8,016,969
2014	8,502,807
2015	7,831,053
2016 – 2020	29,699,723
2021 – 2025	14,790,000
2026 – 2030	81,570,000
2031 – 2035	8,375,000
2036 – 2040	5,920,000
2041 – 2045	3,665,000
2046 – 2048	1,250,000
Total	$ 184,524,219

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance at January 1, 2010	Additions	Deletions	Reclassifications	Balance at December 31, 2010
Capital assets not being depreciated:					
Land	$ -	$ 81,130	$ -	$ 1,000,000	$ 1,081,130
Capital assets being depreciated:					
Buildings	4,900,000	918,870	-	(1,000,000)	4,818,870
Less accumulated depreciation:					
Buildings	75,000	97,500	-	-	172,500
Total capital assets being depreciated, net	4,825,000	821,370	-	(1,000,000)	4,646,370
Capital assets, net	$ 4,825,000	$ 902,500	$ -	$ -	$ 5,727,500

Capital asset activity for the year ended December 31, 2009 was as follows:

	Balance at January 1, 2009	Additions	Deletions	Balance at December 31, 2009
Capital assets being depreciated:				
Buildings	$ 1,500,000	$ 3,400,000	$ -	$ 4,900,000
Less accumulated depreciation:				
Buildings	50,000	25,000	-	75,000
Total capital assets being depreciated, net	1,450,000	3,375,000	-	4,825,000
Capital assets, net	$ 1,450,000	$ 3,375,000	$ -	$ 4,825,000

Note 5: Capital Assets (continued)

In April 2010, the building at 7996 Darrow Road, Twinsburg, Ohio was classified as being held for sale and therefore, the Authority began depreciating the building in 2010. This was recorded as an asset effective December 31, 2009 and decreased the note receivable on the Twinsburg project for the appraised fair value of the land and building of $3.4 million.

As discussed further in Note 12, the 2010 land and building additions resulting from the orderly liquidation of HPC, was appraised at $1 million. Of this amount, $918,870 represented the value of the building. This building was not in use as of December 31, 2010 and therefore has not yet been depreciated.

Note 6: Retirement and Postemployment Benefit Plans

Pension Benefits – The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed 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 Member Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional and Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member employer contributions. For 2010 and 2009, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2010, the members of all three plans were required to contribute 10 percent of their annual covered salary to fund pension obligations. The Authority contributed 14 percent of covered payroll.

The Authority's required contributions for pension obligations to the Traditional and Combined Plans (excluding the amount relating to postretirement benefits) for the years ended December 31, 2010, 2009, and 2008 were $41,625, $42,769 and $41,550, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years.

Note 6: Retirement and Postemployment Benefit Plans (continued)

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

OPERS maintains a cost-sharing multiple employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Member of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. 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 Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town St., Columbus, Ohio, 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the Authority contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS’ Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of the postemployment health care benefits. For 2010, the employer contribution allocated to the health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5% from March 1 through December 31, 2010 of covered payroll. The employer contribution allocated to the health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010 of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Note 6: Retirement and Postemployment Benefit Plans (continued)

The Authority's contributions for health care for the years ended December 31, 2010, 2009, and 2008 were $15,113, $17,949, and $20,775, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 7: 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 8.

Approximate future annual receipts and payments for this obligation are:

Year	Principal	Interest	Total
2011	$ 205,000	$ 655,118	$ 860,118
2012	235,000	646,508	881,508
2013	265,000	636,285	901,285
2014	300,000	624,625	924,625
2015	340,000	609,625	949,625
2016 – 2020	891,270	4,221,856	5,113,126
2021 – 2025	2,664,800	3,104,399	5,769,199
2026 – 2030	4,985,000	1,811,175	6,796,175
2031 – 2033	4,050,000	413,000	4,463,000
Total	$ 13,936,070	$ 12,722,591	$ 26,658,661

Note 8: Notes Payable and Notes 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. The balance outstanding on the unsecured note payable was $930,829 and $1,005,829 at December 31, 2010 and 2009, respectively. Approximate annual principal payments, required to be made by the Authority, under this debt for the next five years and thereafter are:

Year		Amount
2011	$	75,000
2012		75,000
2013		75,000
2014		75,000
2015		75,000
2016 – 2020		375,000
2021 – 2022		180,829
	$	930,829

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. The agreement states that if certain terms of the agreement are met and there is no default on the loan, that the outstanding balance of $505,829 at the end of the term will be discharged by the Authority.

Approximate annual payments to be received by the Authority under this agreement for the next five years and thereafter are:

Year		Amount
2011	$	35,000
2012		40,000
2013		25,000
2014		25,000
2015		25,000
2016 - 2033		990,829
Total	$	1,140,829

Note 9: 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, 2010 and 2009, all funds have been drawn except for a 10% retainage of $300,000 on the CORF.

Note 10: Leases

The Authority leases office space and certain equipment under operating leases. Rental expense was $40,287 and $43,643 under these leases for 2010 and 2009, respectively.

The future minimum lease payments under non-cancelable operating leases that have remaining terms in excess of one year total $31,400 as of December 31, 2010, all of which is due in 2011.

Note 11: Twinsburg Township Project

In December 2007, the Trustees of Twinsburg Township (the "Trustees") took action to permanently appropriate rent payments due under the Series 2005D Agreement for the period ending December 31, 2008, making the Series 2005D Agreement non-cancelable during calendar year 2008.

Subsequently, the Trustees took action on January 2, 2008 to rescind the permanent appropriation of rent payments due under the Series 2005D Agreement. Due to Twinsburg Township's (the "Township") failure to make an annual appropriation of rent for the year 2008, the Authority cancelled the Series 2005D Agreement and notified the Township to vacate the premises. The Township vacated the Series 2005D Project on April 30, 2008. The Authority used its own unencumbered funds to make rent payments as they come due under the Series 2005D Agreement.

During 2010, the Authority reached a settlement with the Township for delinquent rental payments under the lease agreement with the Authority, dated September 1, 2005, for all months beginning February 2008, as well as ongoing expenses associated with the upkeep of the building and legal fees. The Authority had made these payments to remain in good standing with the Bond Holders although this was not the Authority's obligation. This $1.2 million settlement was paid in installments with $350,000 having been paid on April 30, 2010, $650,000 having been paid on December 1, 2010, and with the final installment of $200,000 being paid on March 7, 2011.

Note 11: Twinsburg Township Project (continued)

In October 2009, the Authority began leasing building space in Twinsburg Township at 7996 Darrow Road to the Humane Society of Greater Akron with an initial lease term commencing December 1, 2009 and ending on November 30, 2012, with extension terms available and payments of $25,000 per month. At anytime after the commencement of the initial lease term the lessee shall have the option to terminate the lease and purchase the premises from the Authority. The lessee is conducting a Development Campaign with a goal of raising $3 million and in the event the lessee shall fail to raise the $3 million or more in development gifts, the lessee shall have no obligation under the lease to purchase the premises following the termination of the initial lease term. The purchase price at the option of the lessee is the current appraised value of $3.4 million less all rental payments made during the first 12 months of the lease term, not to exceed $300,000 or the outstanding principal amount on the Bonds for the Twinsburg Building on the optional lease purchase date or the term lease purchase date, if applicable. The Humane Society of Greater Akron has entered into a sublease agreement for a portion of the building to Hattie Larlham, a private non-profit organization.

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

Year	Amount
2011	$ 300,000
2012	275,000
Total	$ 575,000

Note 12: HPC Project (Hiney Printing)

In March 2010, HPC, a company which has ceased operations and is pursuing an orderly liquidation, became delinquent in its financing payments due under the Promissory Note with the Authority dated January 2006 related to the Series 2006B Project. All principal and accrued interest under this agreement had become due. On February 24, 2010, HPC notified the Authority about its inability to make the financing payments due under the Series 2006B loan agreement. HPC was ceasing operations to pursue an orderly liquidation. On May 15, 2010, the Authority drew on a direct pay letter of credit (“LOC”) which was security for the series 2006B project and called the bonds. The Authority used the proceeds from the LOC in the amount of $153,500 and the program reserve for the bond fund in the amount of $1,115,000 to pay off the series 2006B project. The land and building received as a result of the default were appraised for $1 million as of March 2010. As of December 31, 2010, this property is not in use and the Authority has listed the property for sale or lease.

On July, 20, 2010, the Authority entered into a delinquent tax agreement with Summit County, in order to pay the outstanding property taxes owed on the property received. As of December 31, 2010, the Authority owed $58,299 to the County. Of this amount, $25,332 is considered the current portion of this liability.

Note 13: Bridgestone Project

On December 1, 2010, the Authority issued $7,450,000 of Federally Taxable Recovery Zone Economic Development Revenue Bonds and $100,000 of Federally Taxable Revenue Bonds as part of the Bridgestone Project. The proceeds of the bonds will be used to provide funds to pay a portion of the costs of constructing the new technical center which is being constructed as the international technical center and research and development headquarters for Bridgestone Americas Tire Operations, LLC ("BATO"). BATO will operate the technical center project, which will provide research and development and technical support for BATO's operations. The technical center project comprises the technical center buildings, a multi-level parking facility for approximately 475 vehicles, and an elevated pedestrian walkway connecting the tech center and the parking facility. The parking facility and a portion of the pedestrian walkway are the projects being financed with the 2010 Bond proceeds.

Pursuant to the terms of the Cooperative Agreements, Summit County will make its County Revenue Payments to the Trustee from the County Nontax Revenues in amounts sufficient to pay Bond Service Charges on the Nontax Revenue Bonds when due.

Approximate future annual principal and interest payments for this obligation are:

Year	Principal	Interest	Total
2011	$ -	$ 436,020	$ 436,020
2012	-	436,020	436,020
2013	-	436,020	436,020
2014	355,000	436,020	924,625
2015	360,000	424,986	949,625
2016 – 2020	1,935,000	1,895,535	5,113,126
2021 – 2025	2,240,000	1,343,384	5,769,199
2026 – 2030	2,660,000	578,326	6,796,175
Total	$ 7,550,000	$ 5,986,311	$ 13,536,311

Note 14: 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 natural disasters. Commercial insurance has been obtained to cover damage or destruction to the Authority's property and for public liability, personal injury and third-party property damage claims. Settled claims have not exceeded the Authority's commercial insurance coverage for any the past three years. No substantial changes in insurance coverage have occurred in any major risk category in 2010, there were no insurance settlements in 2010 and 2009.

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 15: Related Party Transactions

The Authority uses certain Summit County employees without reimbursement. In addition, the Authority received a grant for operating expenses from Summit County for $75,000 in each of the years ended December 31, 2010 and 2009.

Note 16: Letter of Credit

The Authority has a $5 million, unsecured letter of credit with a bank 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, 2010 and 2009.

Note 17: Commitments

Kelso - Brimfield TIF Project – In May 2010, the Port Authority authorized up to $1 million in subordinate tax-exempt revenue bonds to reimburse Kelso Development LLC for costs incurred related to the acquisition of land and construction of improvements in connections with the Brimfield Plaza Development. Costs will be reimbursed after the original TIF bonds are paid off and only to the extent there are excess proceeds. New development at the site includes a medical office building and a Pizza Hut.

Summit County – 47 North Main Street Project – In August 2010, the Authority entered into a term sheet with Summit County, Ohio related to the sale and transfer of 47 North Main Street in Akron, Ohio. As of December 31, 2010, this project is still in the development stage and no bonds have been issued. Under this term sheet, the County intends to sell the Project site to the Authority at a price equivalent to the appraised value of the property, plus approximately $190,000, which is the amount of improvement indebtedness owed by the County on the property. The current purchase, which is based on the Fiscal Officer's appraisal, is anticipated to be approximately $2,490,000. This purchase price will be subject to an appraisal acceptable to the County and the Authority.

The Port Authority will issue a 22 year note in the amount of $2,490,000 upon purchase of the Project site which will be secured by a mortgage in the project site. The estimated annual principal payment for years 1-20 is $87,035. The estimated annual principal payment for years 21 and 22 is $377,070.

The Port Authority will lease floors one, two, and three, and a portion of the basement of the Project site to Austen BioInnovation Institute of Akron ("ABIA") as described in the ABIA term sheet. The Authority will lease floors four, five, and six, and the balance of the basement to the County for its Department of Job and Family Services. The Authority intends to use approximately 2,040 square feet of floor four of the Project site as its offices.

The Port Authority has authorized up to $7 million of tax-exempt bonds to renovate, construct, and improve the Project ("ABIA Project Bond") pursuant to the ABIA Project budget and construction agency agreement. The parties anticipate that substantially all of the improvements to the Project will be for the benefit of the space leased by the ABIA, and the costs for these improvements will be repaid through the lease with ABIA.

Note 17: Commitments (continued)

Macedonia TIF Project – In August 2007, the Authority authorized $2.5 million in subordinate tax-exempt revenue bonds to reimburse the developer for costs incurred related to the construction of public improvements in connection with an Independent Living/Assisted Living Facility and an Active Adult Community in Macedonia Ohio. Costs will be reimbursed after the original TIF bonds are paid off and only to the extent there are excess proceeds. New development at the site includes installing a road, sidewalks and handicap ramps, street lighting, water lines, storm and sanitary sewer lines, fire hydrants and landscaping. Construction was completed during 2010 and the City accepted the improvements in May, 2010.

Note 18: Contingencies

The Authority, in the normal course of its activities, is involved in various claims and pending litigation. In the opinion of Authority management, the disposition of these other matters is not expected to have a material adverse effect on the financial position of the Authority.

Note 19: Subsequent Events

On February 5, 2011, the Authority executed a financing term sheet with Goodyear Tire and Rubber Co., the City of Akron, County of Summit, the State of Ohio, ANGL Blimp, LLC and Industrial Realty Group LLC to enable Goodyear to proceed to obtain financing for its $155 million headquarters project. Subsequent to this action the financing closed and ground breaking ceremony was held in April 2011.

On March 7, 2011, Twinsburg Township met its obligation with the Authority to deposit the final $200,000 of its settlement amount.

On March 31, 2011, the Authority, along with the State of Ohio successfully concluded a project financing for the Austen BioInnovation Institute in Akron.

In April 2011, the Authority and IRG Rubber City, LLC executed a financing term sheet to provide certain tax incentives and enable renovations to proceed on the Goodyear Innovation Center and power house properties. Total amount of the project financed by the Authority is approximately $43 million of which $31 million is renovations. The anticipated closing date for this financing is June 2011.

The Authority agreed to assist the University of Akron with a planned $33.5 million student housing project, which closed in May 2011.

Ciuni & Panichi
CPAs and Business Advisors

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*

Board of Directors
Summit County Port Authority

We have audited the financial statements of the Summit County Port Authority (the "Authority") as of and for the year ended December 31, 2010, and have issued our report thereon dated June 17, 2011, wherein we noted that the Authority adopted *Governmental Accounting Standards Board Statements* No. 51, 53 and 58, as disclosed in Note 1. 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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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Board of Directors
Summit County Port Authority

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 grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to the Authority's management in a separate letter dated June 17, 2011.

This report is intended solely for the information and use of the Board of Directors, Management, others within in the entity, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 17, 2011

Dave Yost • Auditor of State

SUMMIT 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 14, 2011