SUMMIT COUNTY PORT AUTHORITY

FINANCIAL STATEMENTS

December 31, 2009 and 2008

bmf

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Summit County Port Authority, Summit County, prepared by Bober, Markey, Fedorovich & Company, for the audit period January 1, 2009 through December 31, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 27, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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BOBER MARKEY
FEDOROVICH

CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS
A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the Summit County Port Authority, (the "Authority") as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Summit County Port Authority as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bober, Markey, Fedorovich & Company

BOBER, MARKEY, FEDOROVICH & COMPANY

June 21, 2010

BOBER MARKEY FEDOROVICH
3421 RIDGEWOOD ROAD, SUITE 300
AKRON, OHIO 44333-3119

P: 330.762.9785
F: 330.762.3108
WWW.BOBERMARKEY.COM

MEMBER OF PKF INTERNATIONAL
REGISTERED WITH THE PCAOB

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, 2009.

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

Overview

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

In 2009 a stand-alone conduit financing was done to enable a developer to acquire property, land and buildings encompassing most of The Goodyear Tire & Rubber Company campus in Akron. The Authority does hold a mortgage on the property with IRG Real Estate Group and a personal guarantee from company principal, Stuart Lichter, to the benefit of the City of Akron and County of Summit which backed the bonds issued by the Authority.

Bond fund projects are projects issued through the Authority's common bond fund. There are only five Port Authority Bond Funds in Ohio.

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

1. All stand-alone transactions require the lender to look only to the borrower's lease or debt service payments and any certain specific revenue sources and cash reserves to provide funds sufficient to meet lease payments and/or debt service payments.

2. All bond fund transactions require the lender to look only to the borrower lease or loan payments for debt service unless a default arises, in which case the reserve mechanisms in the bond fund will make the debt service payments to the extent sufficient funds are available.

There were no Bond Fund transactions in 2009.

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

1. A rating change to the Authority's Bond Fund from BBB+ to BBB-. This change largely reflected concern by the rating agency in the overall state of the economy and the Midwest region in particular. As of the date of this writing, the Authority's reserves to outstanding bonds exceed 38%.

2. The Authority, through a cooperative arrangement between the Cleveland-Cuyahoga 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 territory and was provided via a Public Utilities Commission of Ohio stipulation to First Energy.

3. In December 2007, the Trustees of Twinsburg (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's 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.

   On December 1, 2009 the Authority leased the Series 2005D Project to the Humane Society for a three year term with an option to purchase the Series 2005D Project for $3,100,000 (after paying a full 12 months rent). The Humane Society lease payment pays all interest and administrative fees associated with the Series 2005D Project. Principal payments are funded from excess project fund proceeds. Subsequent to the execution of the agreement the Humane Society entered into a sublease agreement with Hattie Larlham, a private non-profit organization.

   In April 2010, the Authority reached a settlement with the Trustees and will receive $1,200,000 which will be used to pay off completely the Series 2005D Bonds upon purchase of the Series 2005D Project by the Humane Society in order to compensate the Authority for some of its expenses.

4. HPC Integrated Graphic Solutions, LLC, formally Hiney Acquico, LLC (HPC) a client of the Bond Fund, became delinquent in its financing payments due under the Series 2006B Agreement and the Promissory Note evidencing the loan made by the Authority to HPC to finance the Series 2006B Project. On February 26, 2010, demand was made on HPC to pay the delinquent financing payments and, if not paid, HPC was notified that the entire principal amount of the Promissory Note would become immediately due and payable. The delinquent financing payment was not made, and the principal amount of the Promissory Note, together with all accrued interest, has become due and payable. Excess moneys in the Series 2006B Project Fund Account were transferred by the Trustee to the Series 2006B Bond Fund Account and will be used to pay debt service on the Series 2006B Bonds when due.

   On April 12, 2010, the Trustee made a full draw on the Letter of Credit (LOC) that had been provided as the Series 2006B Primary Reserve Deposit to secure the Series 2006B Bonds. The amount of the draw on the LOC ($153,500) has been deposited by the Trustee in the Series 2006B Primary Reserve Account for the payment of debt service on the Series 2006B Bonds when due.

The Authority has entered into negotiations with HPC (which has ceased operations and is pursuing an orderly liquidation) to obtain title to the Series 2006B Project thorough a deed in lieu of foreclosure and to cover any deficient amounts under certain guarantees. The Authority plans to obtain title to and sell the Series 2006B Project so that the proceeds of sale may be deposited by the Trustee into the Collateral Proceeds Account of the Bond Fund.

The amount in the Series 2006B Primary Reserve Account, together with other amounts on deposit in the Series 2006B Bond Fund Account, is sufficient to pay debt service on the Series 2006B Bonds through November 15, 2010.

The Series 2006B Bonds were issued on January 31, 2006. The original principal amount of the Series 2006B Bonds was $1,535,000. The current outstanding principal amount of the Series 2006B Bonds is $1,265,000.

The Series 2006B Bonds are secured by a mortgage on the Series 2006B Project, a facility containing approximately 55,000 square feet of commercial office/production/warehouse space located in Akron, Ohio. A principal of HPC and another company owned by that principal have also guaranteed the obligations of HPC.

Condensed Financial Information

Provided below is condensed balance sheet information for the Authority as of December 31, 2009, 2008 and 2007:

	2009	2008	As Restated 2007
Assets			
Current assets	$ 958,950	$ 1,299,027	$ 1,528,754
Capital assets	4,825,000	1,450,000	1,500,000
Restricted and other assets	58,091,365	65,627,120	44,141,554
Total assets	$ 63,875,315	$ 68,376,147	$ 47,170,308
Liabilities and Net Assets			
Current liabilities	$ 661,299	$ 2,401,275	$ 171,335
Other liabilities	55,651,720	57,920,318	39,451,112
Net assets-unrestricted and invested in capital assets	2,562,296	3,054,554	2,547,861
Net assets-restricted	5,000,000	5,000,000	5,000,000
Total liabilities and net assets	$ 63,875,315	$ 68,376,147	$ 47,170,308

Capital Assets: The Authority's investment in property as of December 31, 2009, 2008 and 2007 amounted to approx. $4.825 million, $1.45 million and $1.5 million, respectively (net of accumulated depreciation). Capital assets before accumulated depreciation increased from 2008 by $3.4 million due to the Authority reclassifying the fair value of the Twinsburg building from the note receivable on the Twinsburg bond receivable to fixed assets for future sale. Additional information on the Authority's capital assets can be found in the notes to the Authority's financial statements.

Current Liabilities: Current liabilities decreased from 2008 by approx. $1.7 million, respectively, mainly due to a $2 million grant that was received in 2008 for the Goodyear project that was classified as deferred deposits. This money began being expended towards the Goodyear project during 2009.

Other Liabilities: The majority of the activity in this category relates to the Authority's long-term debt obligations for revenue bonds issued for bond fund projects. Long-term debt outstanding as of December 31, 2009, 2008 and 2007 related to the bond fund program were $40.2 million, $42.3 million and $37.2 million, respectively. Additional information on the Authority's long-term debt can be found in the notes to the Authority's financial statements.

The Authority's operations net assets (decreased) / increased by ($380,757), $235,201 and $244,681 in 2009, 2008 and 2007, respectively. Key elements of these changes are summarized below:

	2009	2008	As Restated 2007
Operating Revenues			
Project administrative fees	$ 202,835	$ 247,153	$ 200,903
Loan processing fees	156,465	103,405	171,301
Grant	150,000	125,000	160,000
Other operating revenues	158,982	204,507	169,890
Total operating revenues	668,282	680,065	702,094
Operating expenses			
Salaries and benefits	392,848	381,120	397,443
Other operating expenses	796,899	642,168	336,227
Total operating expenses	1,189,747	1,023,288	733,670
Operating loss	(521,465)	(343,223)	(31,576)
Nonoperating revenue			
Interest income	29,207	196,799	276,257
Total nonoperating revenue	29,207	196,799	276,257
Net (decrease) increase in net assets	$ (492,258)	$ (146,424)	$ 244,681

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

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

SUMMIT COUNTY PORT AUTHORITY
BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash	$ 900,063	$ 965,895
Miscellaneous receivables	11,406	286,603
Administrative fees receivable	7,348	5,707
Prepaid expenses	40,133	40,822
TOTAL CURRENT ASSETS	958,950	1,299,027
NONCURRENT ASSETS		
Restricted Assets:		
Cash - board restricted	852,410	2,829,931
Restricted cash - Humane Society security deposit	50,005	-
Restricted cash - Bond Fund Program Reserve	5,000,125	5,000,750
Investment in Greater Akron Investment Partners	203,426	124,540
Building - Airdock, net of accumulated depreciation of $75,000 and $50,000 at December 31, 2009 and 2008, respectively	1,425,000	1,450,000
Building - Twinsburg, held for sale	3,400,000	-
Note receivable - Akron Civic Theater	1,140,829	1,140,829
Lease receivable - Akron Civic Theater	14,111,070	14,261,070
Bond fund transactions:		
Note receivable - Garfield Heights project	2,545,000	2,650,000
Note receivable - Goodyear project	3,605,000	4,145,000
Note receivable - Village of Seville project	1,800,000	1,860,000
Note receivable - Twinsburg project	1,680,000	5,260,000
Note receivable - Summit County Workforce Policy project	4,490,000	4,650,000
Note receivable - Portage County Brimfield project	2,445,000	2,475,000
Note receivable - Lockheed/Martin Airdock project	1,320,000	1,655,000
Note receivable - Hiney Printing project	1,153,500	1,345,000
Note receivable - Exal Corporation project	2,165,000	2,430,000
Note receivable - Superior Roll Forming project	2,940,000	3,030,000
Note receivable - Cavalier project	5,650,000	5,830,000
Note receivable - Plaza Schroer project	940,000	940,000
Note receivable - Digestive Disease project	6,000,000	6,000,000
Total bond fund transactions	36,733,500	42,270,000
TOTAL NONCURRENT ASSETS	62,916,365	67,077,120
TOTAL ASSETS	$ 63,875,315	$ 68,376,147

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

SUMMIT COUNTY PORT AUTHORITY
BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Deposits held	$ 600,087	$ 2,365,579
Accounts payable	44,990	25,944
Accrued payroll and payroll taxes	16,222	9,752
TOTAL CURRENT LIABILITIES	661,299	2,401,275
NONCURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Deferred revenue	289,821	308,419
Payable from Restricted Assets:		
Note payable - Summit County	1,005,829	1,080,829
Revenue bonds - Akron Civic Theater	14,111,070	14,261,070
Bond fund transactions:		
Revenue bonds - Garfield Heights project	2,545,000	2,650,000
Revenue bonds - Goodyear project	3,605,000	4,145,000
Revenue bonds - Village of Seville project	1,800,000	1,860,000
Revenue bonds - Twinsburg project	5,080,000	5,260,000
Revenue bonds - Summit County Workforce Policy project	4,490,000	4,650,000
Revenue bonds - Portage County Brimfield project	2,445,000	2,475,000
Revenue bonds - Lockheed/Martin Airdock project	1,320,000	1,655,000
Revenue bonds - Hiney Printing project	1,265,000	1,345,000
Revenue bonds - Exal Corporation project	2,165,000	2,430,000
Revenue bonds - Superior Roll Forming project	2,940,000	3,030,000
Revenue bonds - Cavalier project	5,650,000	5,830,000
Revenue bonds - Plaza Schroer project	940,000	940,000
Revenue bonds - Digestive Disease project	6,000,000	6,000,000
Total Payable from Restricted Assets	55,361,899	57,611,899
TOTAL NONCURRENT LIABILITIES	55,651,720	57,920,318
TOTAL LIABILITIES	56,313,019	60,321,593
NET ASSETS		
Invested in capital assets, net of related debt	1,425,000	1,450,000
Restricted	5,000,000	5,000,000
Unrestricted	1,137,296	1,604,554
TOTAL NET ASSETS	7,562,296	8,054,554
TOTAL LIABILITIES AND NET ASSETS	$ 63,875,315	$ 68,376,147

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, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Project administrative fees	$ 202,835	$ 247,153
CAK Business Park - lease administration revenue	149,176	156,682
Loan processing fees	156,465	103,405
Foreign Trade Zone contract service & administrative fees	7,500	12,400
Summit County operating grant	150,000	125,000
Twinsburg reimbursed expenses	2,306	35,425
TOTAL OPERATING REVENUES	668,282	680,065
OPERATING EXPENSES		
Salaries and benefits	392,848	381,120
Miscellaneous operating expenses	318,793	192,548
Twinsburg township project expenses	430,131	387,664
Professional services	47,975	61,956
TOTAL OPERATING EXPENSES	1,189,747	1,023,288
OPERATING LOSS	(521,465)	(343,223)
NONOPERATING REVENUE		
Interest income	20,719	143,292
Unrealized gain of investment in Greater Akron Investment Partners	8,488	53,507
TOTAL NONOPERATING REVENUE	29,207	196,799
CHANGE IN NET ASSETS	(492,258)	(146,424)
NET ASSETS, BEGINNING OF YEAR	8,054,554	8,200,978
NET ASSETS, END OF YEAR	$ 7,562,296	$ 8,054,554

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, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash payments (receipts) for development projects	$ (992,252)	$ 2,497,368
Cash received from grants	150,000	125,000
Cash payments for goods and services	(640,664)	(760,408)
Cash payments to and on behalf of employees	(386,378)	(387,966)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(1,869,294)	1,473,994
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Lease payments received	150,000	120,000
Payments on line of credit/note payable	(75,000)	(75,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	75,000	45,000
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net payments from the redemption of revenue bonds	(150,000)	(120,000)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(150,000)	(120,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment received on note receivable	-	35,000
Investment in Greater Akron Investment Partners	(75,000)	(75,000)
Fees paid on investments held with Greater Akron Investment Partners	4,602	3,967
Interest income received	20,719	143,292
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(49,679)	107,259
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,993,973)	1,506,253
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,796,576	7,290,323
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,802,603	$ 8,796,576
Reconciliation of cash and equivalents to the Balance Sheet:		
Cash - unrestricted	$ 900,063	$ 965,895
Cash - board restricted	852,410	2,829,931
Restricted cash - Humane Society security deposit	50,005	-
Restricted cash - Bond Fund Program Reserve	5,000,125	5,000,750
	$ 6,802,603	$ 8,796,576

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, 2009 and 2008

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net operating loss	$ (521,465)	$ (343,223)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	25,000	25,000
Write off of bad debt	111,500	-
Changes in operating assets and liabilities:		
Miscellaneous receivables	275,197	(271,897)
Administrative fees receivable	(1,641)	1,962
Prepaid expenses	689	(32,329)
Deposits held	(1,765,492)	2,230,838
Accounts payable	19,046	(110,913)
Accrued payroll and payroll taxes	6,470	(6,846)
Deferred revenue	(18,598)	(18,598)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (1,869,294)	$ 1,473,994

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

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

The Authority issued $29.3 million and $16.0 million and of non-recourse Revenue Bonds (conduit debt) related to various economic development projects which are described in Note 7 to the financial statements as of December 31, 2009 and 2008, respectively.

The Authority had $8,488 and $53,507 unrealized gain on its investment in the Greater Akron Investment Partnership as of December 31, 2009 and 2008, respectively.

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

NOTE 1 – DESCRIPTION OF SUMMIT COUNTY PORT AUTHORITY

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Measurement Focus

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

Revenue

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

Operating revenues consist primarily of project administrative and loan processing fees, operating grant, rents, and fees for foreign trade zone services. Operating expenses include the cost of providing these services, including administrative expenses. Non-operating revenues and expenses are all revenues not meeting the definition of operating revenues and expenses. Non-operating revenues consist of interest income and unrealized gain on investment. The Authority first applies restricted resources when an expense is incurred for both restricted and unrestricted net assets are available.

Budgetary Process

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

Cash and Investments

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

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

Restricted Cash – Board Restricted

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

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

Restricted Cash

Bond Fund Program Reserve

The Authority's investments are governed by the trust indenture and State of Ohio statutes, which allow the Authority to invest in certain obligations including State of Ohio obligations. All of the Authority's restricted investments are invested in short-term certificates of deposit and repurchase agreements at December 31, 2009 and 2008. These investments are considered cash equivalents.

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 pay or offset any amount or perform any obligation that the Humane Society fails to 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 15, the Authority is holding the Twinsburg Building for future sale 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
Effective for fiscal years and interim periods ending after June 15, 2009, the Authority is required to prospectively adopt the Subsequent Events Topic of the FASB ASC. This standard sets forth the period after the date of financial position during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the date of financial position in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the date of financial position.

The Authority adopted this standard during the year ended December 31, 2009. In accordance with this standard, the Agency has evaluated subsequent events through June 21, 2010, the date the financial statements were available to be issued.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits/Cash Pool
The Ohio Revised Code prescribes allowable deposits and investments. At December 31, 2009 and 2008, the carrying amounts of the Authority's deposits were $1,802,478 and $3,795,826, respectively. These deposits were held at banks and in a cash pool maintained by the Summit County Fiscal Officer. The Authority's carrying amount of cash on deposit with the County was $1,703,758 and $3,610,728 as of December 31, 2009 and 2008, respectively. The Summit County Fiscal Officer is responsible for maintaining adequate depository collateral for all funds in the Summit County's pooled and deposit accounts and ensuring that all monies are invested in accordance with the Ohio Revised Code.

Investments
The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority. Category 1 includes investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which securities are held by a trust department in the Authority's name. The Authority's investments of $5,000,125 and $5,000,750 at December 31, 2009 and 2008, respectively, were held in certificates of deposit and repurchase agreements which are classified as Category 2 investments.

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

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

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

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

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

1. United States Treasury Notes, Bill, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (1) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

In January 2008, the Authority purchased .75 of one membership unit in the Greater Akron Investment Partners, LLC ("GAIP") in the amount of $75,000. The net profits and losses of GAIP is allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The Authority contributes an additional $75,000 into the investment annually through 2010 as part of a three-year commitment. During 2009 and 2008, the Authority recognized $3,886 and $53,507 of unrealized gain on this investment. The Authority's equity interest in GAIP was $203,426 and $124,540 at December 31, 2009 and 2008, respectively.

NOTE 4 – BOND FUND PROGRAM

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

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

Under the Program, debt service requirements on each bond issue are to be secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide cash or a letter of credit as additional security for the related bonds. Amounts in the Bond Fund Program Reserve may be used for debt service in the event the borrower is unable to make the required payments under the lease. Amounts held in the Authority's Bond Fund Program Reserve was $5,000,125 and $5,000,750 at December 31, 2009 and 2008, respectively, and are included in restricted assets in the accompanying balance sheets.

In December 2009, 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 3 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 Companies' customers.

There were no revenue bonds issued through the Bond Fund Program during 2009, however, the following Revenue Bonds were issued during 2008 through the Bond Fund Program:

> In April 2008, the Authority issued $940,000 Tax-Exempt Authority Development Revenue Bonds, as part of the Plaza / Schroer project. The proceeds of the bonds will be used to finance the acquisition of interests in certain land and construction and installation of public improvements by Portage County Port Authority on behalf of a contracting party, including roads, sidewalks, street lights and utilities and other public improvements relating thereto to serve a nursing home facility to be developed by Schroer Properties of Ravenna, Inc. and a 6,300 square foot office building to developed by Kelso Development, LLC and Michael Casamento.
>
> In May 2008, the Authority issued $6 million Taxable Authority Development Revenue Bonds, as part of the Digestive Disease Consultants project. The proceeds of the bonds will be used to provide funds for the acquisition of approximately 4 acres of land the construction of a 40,000 sq. foot medical office building, located at 1321 Industrial Parkway, Brunswick, Ohio.

As of December 31, 2009 and 2008, the Authority issued $29.3 million and $16 million, respectively of Non-Recourse Revenue Bonds (conduit debt) related to various economic development projects which are described in Note 7.

NOTE 5 – CAPITAL ASSETS

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

	2008	Additions	Disposals	2009
Buildings	$ 1,500,000	$ 3,400,000	$ -	$ 4,900,000

Depreciation expense was $25,000 for the years ended December 31, 2009 and 2008, respectively.

In April 2010, the building at 7996 Darrow Road, Twinsburg, Ohio is now being held for sale. This was recorded as an asset effective December 31, 2009 as a reclassification of the note receivable on the Twinsburg bond receivable to fixed assets for the appraised fair value of the building of $3.4 million.

NOTE 6 – BENEFIT PLAN

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009 and 2008 employee and employer contribution rates were consistent across all three plans. The employee contribution rates were 10.0% for 2009 and 2008, respectively. The 2009 and 2008 employer contribution rates for local government employer units was 14.00% of covered payroll, respectively, to fund the pension, and 6% for 2009 and 2008, respectively, to fund health care. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the OPERS for the years ending December 31, 2009 and 2008 were $42,769 and $41,550, respectively.

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

NOTE 7 – CONDUIT DEBT

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

The Goodyear Tire and Rubber Company – Property Purchase

In May 2009, the Authority issued up to $17.2M of Taxable Development Revenue Bonds. The bond 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 Authority 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 $16.53 million as of December 31, 2009, respectively, with the current portion of outstanding debt of $1.44 million as of December 31, 2009.

Akron YMCA Project

In November 2009, the Authority issued up to $12.1M of Multi-Mode Variable Rate Civic Facility Improvement and Revenue Bonds. The bond will be used to pay back existing bonds outstanding in the amount of $6.1M 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 Authority 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 $12.02 million with the current portion of outstanding debt of $335,000 as of December 31, 2009.

Snap On

In October 2008, the Authority issued $16 million of Taxable Development Revenue Bonds. The bond proceeds will be used to finance the costs of the Snap-On Business Solutions, Inc. Project. These bonds are special obligations of the Authority payable solely from revenue received by the Authority under its agreement with Snap-On, Inc. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $14.78 million and $16 million, with the current portion of outstanding debt of $1.23 million and $1.22 million as of December 31, 2009 and 2008, 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 Authority under its agreement with Ferriot, Inc. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $4.32 and $4.86 million as of December 31, 2009 and 2008, respectively, with the current portion of outstanding debt of $540,000 and $0 as of December 31, 2009 and 2008, respectively.

Akron Community Service Center and Urban League, Inc.
In February 2007, the Authority issued $3.6 million of Summit County Port Authority Adjustable Rate Tax-Exempt Revenue Bonds. The bond proceeds will be used to finance the acquisition, construction, improvements, installation and equipping of a new community service center and urban league facility to be used for education, recreational and other residents of Summit County, OH. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with the Akron Community Service Center and Urban League, Inc. ("the Borrower"). The Borrower and the Authority entered into a loan agreement pertaining to this facility. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was $3.47 million and $3.60 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $130,000 and $130,000 as of December 31, 2009 and 2008, 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 will be used to finance the acquisition and construction of 80 units of residential rental housing. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with Akron Edgewood Homes, LLC. Akron Edgewood Homes, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was $11.25 million as of December 31, 2009 and 2008, with the entire balance due in May 2010.

Barberton YMCA Project
In June 2007, the Authority issued $4.1 million of Summit County Port Authority Facility Revenue Bonds. The bond proceeds will be used to facilitate the financing of "port authority facilities" and enhancing economic development of such facilities. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with The Young Men's Christian Association. The Young Men's Christian Association and the Authority entered into a loan agreement pertaining to this facility. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was $3.235 million and $3.595 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $370,000 and $360,000 as of December 31, 2009 and 2008, 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, OH. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with Callis Towers, LLC. Callis Towers, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was $9 million as of December 31, 2009 and 2008, with the entire portion being long-term debt as of December 31, 2009 the current portion of outstanding debt of $3 million as of December 31, 2008.

Collinson Apartments Project
In December 2006, the Authority issued $4 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds will be used to finance the costs of acquiring and renovating, and equipping a rental facility in the City of Akron. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with New Hillwood I Associate, LLC. New Hillwood I Associate, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was $3.96 million and $4.00 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $35,000 and $40,000 as of December 31, 2009 and 2008, 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 Authority under its lease with Summa. Summa and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The operation and maintenance of the buildings is the responsibility of Summa. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was $15.405 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $305,000 and $0 as of December 31, 2009 and 2008, 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 Authority under its agreement with the KB Compost Services, Inc. KB Compost Services, Inc. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $3.25 million and $3.75 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $500,000 as of December 31, 2009 and 2008, 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 Authority under its agreement with Lawrence School. Lawrence School and the Authority entered into a financing lease agreement pertaining to this project. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $9.865 million and $10.175 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $320,000 and $310,000 as of December 31, 2009 and 2008, respectively.

Jewish Community Board
In April 2005, the Authority issued $5.5 million of Summit County Port Authority Variable Rate Tax-Exempt Industrial Development Revenue Bonds. The bond proceeds will be used to finance the renovation and expansion of the Jewish Center's campus in Akron, Ohio to be owned by the Jewish Community Board. These bonds are special obligations of the Authority payable solely from the revenue received by the Authority under its agreement with the Jewish Community Board. The Jewish Community Board and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $4.33 million and $4.62 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $300,000 and $290,000 as of December 31, 2009 and 2008, 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 Authority under its agreement with Eastland Woods. Eastland Woods and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was $2.065 million and $2.145 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $85,000 and $80,000 as of December 31, 2009 and 2008, 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 Authority under its lease with Meadow Lane. Meadow Lane and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The operation and maintenance of the buildings is the responsibility of Meadow Lane. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was $4.395 million and $4.660 million as of December 31, 2009 and 2008, with the current portion of outstanding debt of $260,000 and $265,000 as of December 31, 2009, respectively.

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

2010	$ 17,104,217
2011	6,825,612
2012	7,698,055
2013	7,956,969
2014	8,437,807
2015-2019	32,960,776
2020-2024	13,150,000
2025-2029	9,730,000
2030-2034	6,085,000
2035-2039	3,710,000
2040-2044	2,410,000
2045-2048	1,815,000
	$ 117,883,436

NOTE 8 – AKRON CIVIC THEATER PROJECT

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

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

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

	Principal	Interest
2010	$ 175,000	$ 662,292
2011	205,000	655,118
2012	235,000	646,508
2013	265,000	636,285
2014	300,000	624,625
2015-2019	1,054,520	3,935,605
2020-2024	2,126,550	3,505,274
2025-2029	4,525,000	2,044,925
2030-2033	5,225,000	674,250
	$ 14,111,070	$ 13,384,882

NOTE 9 – NOTES PAYABLE AND NOTE RECEIVABLE

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

Note payable with Summit County
The balance outstanding on the unsecured note payable was $1,005,829 and $1,080,829 at December 31, 2009 and 2008, respectively.

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

2010	$ 75,000
2011	75,000
2012	75,000
2013	75,000
2014	75,000
Thereafter	630,829
	$ 1,005,829

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

2010	$ -
2011	35,000
2012	40,000
2013	25,000
2014	25,000
Thereafter	1,015,829
	$ 1,140,829

NOTE 10 – AIRDOCK REMEDIATION

In January 2007, the Authority entered into an agreement with the Director of Development of the State of Ohio for a Brownfield Revolving Fund Loan for the Airdock Project. The Authority also entered into an agreement with the Clean Ohio Council for Clean Ohio Revitalization Fund ("CORF") grant for the Airdock Project. The purpose of the loan and grant is to conduct interior remediation activities including cleaning dust and debris from the building interior structure, at the Airdock site located in Akron, Ohio which is owned by the Authority and leased to Lockheed Martin Corporation. The amount of the loan and grant is $2 million and $3 million, respectively. This loan is a debt obligation and is payable solely from the revenues received by the Authority under its agreement with Lockheed Martin Corporation. As of December 31, 2009 and 2008, all funds have been drawn except for a 10% retainage of $300,000 on the CORF.

NOTE 11 – LEASES

The Authority leases office space and certain equipment under operating leases. Rental expense was $43,643 and $39,933 under these leases for 2009 and 2008, respectively.

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

2010	$	37,680
2011		31,400
	$	69,080

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.

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

2010	$	300,000
2011		300,000
2012		275,000
	$	875,000

NOTE 12 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets; errors or omissions; injuries to employees; or acts of God. Commercial insurance has been obtained to cover damage or destruction of the Authority's property and for public liability, personal injury, and third-party property damage claims. No substantial changes in insurance coverage have occurred in any major risk category in 2009, there were no insurance settlements in 2009 and 2008.

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

NOTE 13 – RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

The Authority uses certain Summit County employees without reimbursement. In addition, the Authority received a grant for operating expenses from Summit County for $150,000 and $125,000 for years ended December 31, 2009 and 2008, respectively.

During 2009 and 2008, Summit County required that $75,000 of this grant be invested into membership with the Greater Akron Investment Partners. See additional disclosure information above in Note 3.

NOTE 14 – 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, 2009 and 2008.

NOTE 15 – SUBSEQUENT EVENTS

Twinsburg Project
As of April 2010, the Authority reached a settlement with Twinsburg Township for delinquent rental payments under the lease agreement with the Authority dated September 1, 2005 for the months beginning February 2008 through current, 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 is to be paid in installments with $350,000 having been paid on April 30, 2010, $200,000 to be paid on or before March 15, 2010. The final installment of $650,000 is to be paid on or before December 1, 2010 giving Twinsburg Township the option to 1) pay early at which time the Authority will agree to sign any petitions required under R.C 715.761 for inclusion of property within a Joint Economic Development District or 2) defer payment in whole or part, to any date occurring not later than December 1, 2012, whereby interest will accrue commencing December 1, 2010, at an interest rate equal to 5.25% per annum until the date of payment.

In the event that the Humane Society of Greater Akron elects to exercise their right under the Lease-Purchase Agreement outlined at NOTE 11, the entire amount of the unpaid balance, including any accrued interest, will become due immediately and payable by the Township to the Authority.

The Humane Society of Greater Akron has subsequently entered into a sublease agreement for a portion of the building to Hattie Larlham, a private non-profit organization.

HPC Project (Hiney Printing)
In March 2010, HPC, a company which has ceased operations and is pursuing on 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 has become due. In April 2010, excess monies in the Project Bond Fund Account were transferred by the Trustee as well as a full draw on the Letter of Credit ("LOC") in the amount of $153,500 to be used to pay debt service payments when due. The Authority has begun 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 agreements. The Authority plans to obtain title in July 2010, and sell the 2006B Project so that the proceeds of the sale may be used to fulfill the payment obligation of the Bond Fund financing. The building was appraised for $1 million as of March 2010. The current outstanding balance on the Series 2006B Bonds is $1,265,000. A write off of the corresponding note receivable has been made in the amount of $111,500 to account for the short fall in the amount available through the LOC, the fair value of the building and other amounts available in the Bond Fund Account which are sufficient to pay the debt service payments through November 2010.

NOTE 16 – COMMITTMENTS

IRG Rubber City, LLC.
In November 2007, the Authority entered into a term sheet with IRG Rubber City, LLC. to assist the Developer with financing the public and private improvements constituting the various phases of the Goodyear Akron Riverwalk Project. As of December 31, 2009, this project is still in the development stage and no bonds have been issued. However, during 2010, the City of Akron and the County of Summit designated portions of their respective Recovery Zone Facility Bond allocations to the new Goodyear Headquarters facility, with the Authority as the issuer.

Bridgestone Americas Tire Operations, LLC ("BATO")
In March 2010, the Authority issued Revenue Bonds for the benefit of BATO to fund the construction of its new Technical Center, multi-level parking facility and skywalk. Bonds were authorized up to $75 million for the project.

Flats East Bank, LLC
In November 2009, the Authority entered into a term sheet with the Cleveland-Cuyahoga County Port Authority, in an agreement with Flats East Development, LLC (the Developer) to assist with financing the development of approximately three acres of land adjacent to the banks of the Cuyahoga River and Lake Erie in downtown Cleveland, Ohio.

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.

BOBER MARKEY
FEDOROVICH

CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS
A PROFESSIONAL CORPORATION

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

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

We have audited the financial statements of Summit County Port Authority (the "Authority") as of and for the year ended December 31, 2009, and have issued our report thereon dated June 21, 2010. 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement on 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 that are required to be reported under Government Auditing Standards.

BOBER MARKEY FEDOROVICH
3421 RIDGEWOOD ROAD, SUITE 300
AKRON, OHIO 44333-3119

P: 330.762.9785
F: 330.762.3108
WWW.BOBERMARKEY.COM

MEMBER OF PKF INTERNATIONAL
REGISTERED WITH THE PCAOB

This report is intended solely for the information and use of management, the Board of Directors, others within the Authority, and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these specified parties.

Bober, Markey, Fedorovich & Company

BOBER, MARKEY, FEDOROVICH & COMPANY

June 21, 2010

Mary Taylor, CPA
Auditor of State

SUMMIT COUNTY PORT AUTHORITY

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 10, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us