# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

**Financial Statements for the Years Ended December 31, 1999 and 1998 and Independent Auditors' Report**

**STATE OF OHIO**
**OFFICE OF THE AUDITOR**
JIM PETRO, AUDITOR OF STATE

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Board of Directors
Cleveland-Cuyahoga County Port Authority

We have reviewed the Independent Auditor's Report of the Cleveland-Cuyahoga County Port Authority, Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period January 1, 1999 to December 31, 1999. 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 Cleveland-Cuyahoga County Port Authority is responsible for compliance with these laws and regulations.

Jim Petro

JIM PETRO
Auditor of State

July 14, 2000

# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

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Deloitte & Touche

**Deloitte & Touche LLP**
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## INDEPENDENT AUDITORS' REPORT

Board of Directors
Cleveland-Cuyahoga County Port Authority

We have audited the balance sheets of the Cleveland-Cuyahoga County Port Authority (the "Authority") as of December 31, 1999 and 1998, and related statements of revenues, expenses and changes in retained earnings, and of 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 generally accepted auditing standards and *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 Cleveland-Cuyahoga County Port Authority at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of balance sheet information and revenue and expense information by individual activity/project as of and for the year ended December 31, 1999, listed in the foregoing table of contents, are presented for the purpose of additional analysis rather than to present financial information regarding the individual activities/projects and are not a required part of the 1999 basic financial statements of the Authority. These supplemental schedules are the responsibility of the Authority's management. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the 1999 basic financial statements and, in our opinion, are fairly stated, in all material respects, when considered in relation to the 1999 basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2000 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.

Deloitte & Touche LLP

May 9, 2000

Deloitte Touche Tohmatsu

# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

## BALANCE SHEETS
## DECEMBER 31, 1999

| ASSETS | 1999 | 1998 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash and investments (Note 2) | $ 5,946,021 | $ 6,815,213 |
| Accounts receivable, net of allowance for doubtful accounts of $8,219 in 1999 and 1998 | 649,343 | 520,603 |
| Property taxes receivable (Note 4) | 3,300,000 | 3,320,203 |
| Other receivables | 65,712 | 61,161 |
| Prepaid expenses | 17,107 | 128,093 |
| Total current assets | 9,978,183 | 10,845,273 |
| LAND, FACILITIES, AND EQUIPMENT (Notes 6, 7, 8, 9, 10, 11 and 12): | | |
| Land and land improvements | 29,813,707 | 29,833,596 |
| Buildings, wharves, docks, and leasehold improvements | 37,610,126 | 37,080,610 |
| Equipment | 213,025 | 225,937 |
| Construction in progress | 27,411,162 | 739,748 |
| Total | 95,048,020 | 67,879,891 |
| Less accumulated depreciation | 6,222,573 | 5,234,025 |
| Net book value of land, facilities and equipment | 88,825,447 | 62,645,866 |
| RESTRICTED AND OTHER ASSETS: | | |
| Restricted cash and investments (Notes 2, 5, 6, 7, 8 and 12) | 27,251,505 | 14,025,511 |
| Lease receivable, Rock and Roll Hall of Fame and Museum, Inc. (Note 5) | 30,875,000 | 32,295,000 |
| Note receivable (Note 8) | 5,589,163 | 3,200,024 |
| Debt issuance costs | 2,929,771 | 2,482,339 |
| Operating lease receivable (Notes 6 and 7) | 2,784,871 | 1,838,673 |
| Financing lease receivable (Notes 6 and 8) | 5,486,773 | 4,936,431 |
| Other | 253,904 | 222,410 |
| Total restricted and other assets | 75,170,987 | 59,000,388 |
| TOTAL ASSETS | $ 173,974,617 | $ 132,491,527 |

(Continued)

# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

## BALANCE SHEETS
## DECEMBER 31, 1999

| LIABILITIES AND FUND EQUITY | 1999 | 1998 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 123,210 | $ 715,139 |
| Deferred income | 4,054,455 | 4,058,583 |
| Accrued wages and benefits | 84,430 | 96,525 |
| Total current liabilities | 4,262,095 | 4,870,247 |
| OTHER LIABILITIES, INCLUDING AMOUNTS RELATING TO RESTRICTED ASSETS: | | |
| Accounts payable | 11,821,296 | 811,359 |
| Deferred income | 379,699 | 496,001 |
| Accrued interest payable | 796,771 | 612,680 |
| Deferred acquisition cost payable | 644,168 | 609,176 |
| Revenue bonds and notes: | | |
| Industrial Development Revenue Notes (Note 9) | | 3,700,000 |
| Tax Anticipation Notes (Note 10) | 6,840,000 | |
| Rock and Roll Hall of Fame and Museum, Inc. (Note 5) | 30,875,000 | 32,295,000 |
| Applied Industrial Technologies, Inc. Project (Note 6) | 33,412,713 | 33,669,942 |
| Cleveland Bulk Terminals Project (Note 7) | 6,556,255 | 6,542,771 |
| OfficeMax Project (Note 11) | 13,436,962 | 3,013,040 |
| MetroHealth Project (Note 12) | 10,973,006 | |
| Bond Fund Activities (Note 8) | 18,817,928 | 12,436,558 |
| Debt repayment security deposits | 404,666 | 388,013 |
| Other | 10,000 | |
| Total | 134,968,464 | 94,574,540 |
| Total liabilities | 139,230,559 | 99,444,787 |
| FUND EQUITY: | | |
| Contributed capital | 9,229,250 | 9,072,750 |
| Retained earnings | 25,514,808 | 23,973,990 |
| Total fund equity | 34,744,058 | 33,046,740 |
| TOTAL LIABILITIES AND FUND EQUITY | $ 173,974,617 | $ 132,491,527 |

See notes to financial statements.

(Concluded)

# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEARS ENDED DECEMBER 31, 1999 AND 1998

| | 1999 | 1998 |
|---|---|---|
| OPERATING REVENUES: | | |
| Wharfage, dockage and storage | $ 817,233 | $ 1,235,710 |
| Property lease and rentals | 4,113,532 | 3,686,651 |
| Other fee and rental income | 464,801 | 691,442 |
| Third party contributions | 527,021 | 259,306 |
| Other | 15,906 | 3,209 |
| Total operating revenues | 5,938,493 | 5,876,318 |
| OPERATING EXPENSES: | | |
| Salaries and benefits | 1,367,544 | 1,292,131 |
| Facilities lease and maintenance | 2,141,697 | 1,058,931 |
| Professional services | 664,597 | 517,913 |
| Marketing and communications | 320,639 | 238,725 |
| Depreciation expense | 1,025,822 | 977,697 |
| Office expense | 116,798 | 96,832 |
| Other expense | 220,835 | 211,876 |
| Total operating expenses | 5,857,932 | 4,394,105 |
| OPERATING INCOME | 80,561 | 1,482,213 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Property tax receipts | 3,229,979 | 1,424,133 |
| Income from investments, financing leases and note receivable | 1,388,185 | 1,163,668 |
| Grants | | 140,945 |
| Interest expense | (3,201,810) | (2,679,864) |
| Other - net | 43,903 | 45,172 |
| Total nonoperating revenues | 1,460,257 | 94,054 |
| NET INCOME | 1,540,818 | 1,576,267 |
| RETAINED EARNINGS, BEGINNING OF YEAR | 23,973,990 | 22,397,723 |
| RETAINED EARNINGS, END OF YEAR | $25,514,808 | $23,973,990 |

See notes to financial statements.

# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 1999 AND 1998

| | 1999 | 1998 |
|---|---|---|
| OPERATING ACTIVITIES: | | |
| Operating income | $ 80,561 | $ 1,482,213 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 1,025,822 | 977,697 |
| Loss on disposal of land, facilities and equipment | 19,852 | 44,012 |
| Other | 20,992 | |
| (Increase) decrease in assets: | | |
| Accounts receivable | (179,624) | 24,072 |
| Operating lease receivable | (946,198) | (1,111,252) |
| Prepaid expenses | 28,544 | (31,872) |
| Other | | (2,398) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 275,900 | 85,682 |
| Deferred income | (110,419) | 111,818 |
| Accrued wages and benefits | (12,704) | 34,319 |
| Net cash provided by operating activities | 202,726 | 1,614,291 |
| NONCAPITAL FINANCING ACTIVITIES: | | |
| Net proceeds from property tax collections | 3,250,182 | 1,424,133 |
| Operating grants | | 140,945 |
| Other nonoperating revenues (expenses) | 28,297 | 45,816 |
| Net cash provided by noncapital financing activities | 3,278,479 | 1,610,894 |
| CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and construction of fixed assets (including property subject to financing lease) | (17,221,951) | (9,656,711) |
| Construction loans made (Note 8) | (2,726,064) | (2,959,727) |
| Net proceeds from the issuance of bonds and notes (including funding of primary reserves) (Note 8) | 34,588,921 | 14,969,566 |
| Principal paid on revenue bonds and notes | (4,292,229) | (240,211) |
| Interest paid on revenue bonds and notes | (3,474,230) | (2,645,784) |
| Capital grants received | 125,000 | 2,000,000 |
| Principal received on notes receivable and financing leases | 246,986 | 55,139 |
| Interest received on notes receivable and financing leases | 611,868 | 99,981 |
| Applied Industrial Technologies, Inc. capital contribution (refund) (Note 6) | | (125,023) |
| Net cash provided by capital and related financing activities | 7,858,301 | 1,497,230 |

(Continued)

# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 1999 AND 1998

| | 1999 | 1998 |
|---|---|---|
| INVESTING ACTIVITIES: | | |
| Purchase of investment securities | (71,562,685) | (143,305,105) |
| Proceeds from sale and maturity of investment securities | 66,646,878 | 140,247,021 |
| Interest on investments | 1,117,101 | 1,281,784 |
| Net cash used for investing activities | (3,798,706) | (1,776,300) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 7,540,790 | 2,946,115 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 5,104,593 | 2,158,478 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 12,645,383 | $ 5,104,593 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR ARE INCLUDED IN THE FOLLOWING BALANCE SHEET CAPTIONS: | | |
| Cash and investments - Port Activities | $ 1,410,703 | $ 4,685,783 |
| Cash and investments - North Coast Harbor Activities | 226,557 | 418,724 |
| Cash and investments - Applied Industrial Technologies, Inc. Project | 35,111 | 2 |
| Cash and investments - MetroHealth | 10,973,006 | |
| Cash and investments - Bond Fund | 6 | 84 |
| TOTAL | $ 12,645,383 | $ 5,104,593 |

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES -
Financing lease receivables of $2.5 million and $.8 million were recognized in connection with the NOACA project during 1998 and 1999, respectively (see Note 8).

See notes to financial statements. (Concluded)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Definition of Entity and Basis of Accounting*** - The accompanying financial statements of the Cleveland-Cuyahoga County Port Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles ("GAAP") applicable to governmental entities as prescribed by the Government Accounting Standards Board ("GASB"). The Authority is a primary government with no component units.

This conclusion regarding the financial reporting entity is based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor is any other organization accountable for the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

The Authority's activities are financed and operated as an enterprise fund such that the costs and expenses, including depreciation, of providing the services are recovered primarily through user charges and property taxes. 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. The Authority's financial transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred. Revenues received in advance are deferred and recognized as earned over the period to which they relate.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board, *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. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

***Investments*** - The Authority's investments (including cash equivalents) are recorded at fair value.

***Fixed Assets and Depreciation*** - The Authority capitalizes and records fixed asset additions or improvements at historical cost. Expenditures for maintenance and repairs are charged to operating expenses as incurred. Adjustments of the assets and the related depreciation reserve accounts are made for retirements and disposals with the resulting gain or loss included in income. Depreciation begins when an asset is placed in service and is determined by allocating the cost of fixed assets over their estimated useful lives on the straight-line basis.

The estimated useful lives are as follows:

| | |
|---|---|
| Buildings, wharves and docks | 20-40 years |
| Leasehold improvements | 10-20 years |
| Land improvements | 10-20 years |
| Equipment | 3-10 years |

***Debt Issuance Costs*** - The costs associated with the issuance of the Authority's revenue bonds and notes are deferred and recognized as interest cost over the period the related debt is outstanding using the interest method.

***Interest Cost*** - Interest cost incurred by the Authority in connection with a construction project which requires a period of time before the project is ready for its intended use is capitalized as part of the cost of the project. All other interest costs are expensed as incurred.

***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 when incurred and reported as a liability. There is no liability for unpaid, accumulated sick leave since employees do not receive payment for unused sick time.

Employees accrue vacation monthly based on years of service. Vacation may be taken as earned or accumulated. Unused vacation leave may be carried forward a maximum of two years; however, amounts in excess of the allowed maximum must be forfeited at the end of each calendar year. The Authority allows accumulation of 960 hours of sick leave which can only be used in the event of an illness.

***Property Taxes*** - The Authority records a receivable and deferred income for the estimated amount of property taxes that has been levied for the Authority during the year but will not be received and available for appropriation by the Authority until the succeeding year.

***Rental Income*** - For operating leases which have scheduled increases in the minimum rentals specified under the leases, the Authority recognizes rental income on a straight-line basis over the lease term unless the increases are deemed systematic and rational, in which case rental income is recognized as it accrues under the terms of the rental agreement. The difference between the rentals received and the rental income recorded is shown as an operating lease receivable or deferred income in the accompanying balance sheets.

***Statements of Cash Flows*** - For purposes of the statements of cash flows, cash and cash equivalents are defined as bank demand deposits and amounts invested in overnight repurchase agreements.

***Restricted Assets and Related Liabilities*** - Bond indentures and other agreements require portions of debt proceeds as well as other resources of the Authority to be set aside for various purposes. These amounts are reported as restricted assets. The liabilities that relate to the restricted assets are included in other liabilities in the accompanying balance sheets.

***Budgetary Accounting and Control*** - The Authority's annual budget, as provided by law, is prepared on the accrual basis of accounting. The budget includes amounts for current year revenues and expenses.

The Authority maintains budgetary control by not permitting total capital expenditures and amounts charged to individual expense categories to exceed their respective appropriations without amendment of appropriations by the Board of Directors. All unencumbered appropriations lapse at year end.

## 2. CASH 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 equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation. Collateral that may be pledged is limited to obligations of the following entities: the United States Government and its agencies, the State of Ohio, and any legally constituted taxing subdivision within the State of Ohio. At December 31, 1999, the carrying amount of the Authority's deposits was $11,008,323 and the bank balance was $11,134,629 with the difference principally representing outstanding checks. The entire bank balance was held by the financial institution's trust department in the Authority's name.

***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, U.S. Government Money Market Mutual Funds, and repurchase transactions. Such 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.

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 instruments, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

The Authority's investments are detailed below and are categorized in accordance with the criteria established by the GASB to indicate the level of credit risk assumed as of December 31, 1999. Category 1 includes investments that are insured or registered for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name.

| Description | Category | | | Fair |
|---|---|---|---|---|
| | 1 | 2 | 3 | Value |
| U.S. Treasury obligations | | $ 1,684,331 | | $ 1,684,331 |
| Commercial paper | | 5,004,066 | | 5,004,066 |
| Federal Farm Credit Bureau obligations | | 600,000 | | 600,000 |
| Federal Home Loan Bank obligations | | 1,764,910 | | 1,764,910 |
| Federal National Mortgage Association obligations | | 2,052,277 | | 2,052,277 |
| Money market funds | | 9,446,558 | | 9,446,558 |
| Repurchase agreements | | | $ 1,637,061 | 1,637,061 |
| Total | $ | $20,552,142 | $ 1,637,061 | $22,189,203 |

## 3. RETIREMENT AND POSTEMPLOYMENT BENEFIT PLANS

***Pension Benefits*** - Effective July 1, 1991, all employees of the Authority are required to be members of the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (880) 222-7377.

The Ohio Revised Code provides statutory authority for employees and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5% of their covered payroll to PERS. The 1999 and 1998 employer contribution rate for local government employer units was 13.55% of covered payroll including 4.2% that was used to fund postretirement health care benefits in both 1999 and 1998. The Authority's total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 1999, 1998 and 1997 were $100,429, $93,072, and $79,727, respectively, which equalled 100% of the required contribution for each year.

***Postemployment Benefits*** - In addition to the pension benefits described previously, PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit ("OPEB") as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. During 1999 and 1998, $45,120 and $41,808, respectively, of the Authority's total contribution to PERS was used to fund health care. At December 31, 1999, the Authority was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees, or other beneficiaries.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

## 4. PROPERTY TAXES

Property taxes received by the Authority represent a special levy of .13 mills to fund the Authority's operations. The tax is levied against all real, public utility and tangible (used in business) property located in Cuyahoga County. The 1998 levy (collected in 1999) was based upon an assessed valuation of approximately $25.4 billion.

During 1997, Cuyahoga County voters approved a replacement of the Authority's .13 mill tax levy beginning in the 1998 tax year (collected in 1999) and continuing through 2002 (collected in 2003). The increase in the Authority's property tax revenues from $1.4 million in 1998 to $3.2 million in 1999 is principally the result of the replacement levy.

Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. A valuation was completed in 1997, which resulted in a 7% increase in assessed value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88% of cost). Tangible personal property is assessed at 25% of the true value of the property.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Authority. Taxes are payable to the County in two equal installments in January and July and, if not paid, become delinquent after December 31.

The County Auditor periodically remits to the Authority its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

## 5. NORTH COAST HARBOR ACTIVITIES

***General*** - Under a lease agreement with the City of Cleveland (the "City") which terminates on the date that either the Great Lakes Science Center lease or the Rock and Roll Hall of Fame lease terminate, the City agreed to lease a portion of the City's waterfront area and related facilities known as North Coast Harbor to the Authority. Pursuant to such lease and the Common Area Maintenance Agreement discussed below, the Authority agreed to assume all maintenance, repair, and replacement responsibilities for the area. Under the lease, the Authority was also granted a right to develop certain parcels of land owned by the City and to utilize the area for special events, parking, etc. The responsibility for the maintenance, repair and replacement of the areas of the North Coast Harbor occupied by the Rock and Roll Hall of Fame and Museum and the Great Lakes Science Center has been assumed by those two entities under agreements with the Authority and the City, respectively.

Effective June 1, 1996, the Authority entered into an agreement known as the Common Area Maintenance ("CAM") Agreement for North Coast Harbor ("NCH") with the City of Cleveland, Rock and Roll Hall of Fame and Museum, Inc. and the Great Lakes Museum of Science, Environment and Technology ("Great Lakes Museum"). The purpose of the CAM Agreement is to provide for the ongoing operation, maintenance, insurance and security of the common areas of the NCH. Currently, the CAM participants are the Authority, the Great Lakes Science Center, the Rock and Roll Hall of Fame and Museum, the Cleveland Browns, the Goodtime III (a passenger touring boat), and the Steamship William G. Mather Museum. Common area maintenance is funded through the contributions of the CAM participants as defined under the CAM Agreement and the cash and investments held pursuant to the CAM Agreement are classified as restricted assets in the accompanying balance sheets.

***Rock and Roll Hall of Fame and Museum, Inc.*** - On May 20, 1993 the Authority issued $38,995,000 of Cleveland-Cuyahoga County Port Authority Revenue Bonds, Series 1993, comprised of $995,000 of fixed rate bonds and $38,000,000 of variable rate bonds. The proceeds from the revenue bonds were primarily used to fund a portion of the cost of construction of the Rock and Roll Hall of Fame and Museum, Inc. facility. The issuance of the revenue bonds did not encumber the assets of the Authority nor did it affect its revenue sources.

In 1993, the Rock and Roll Hall of Fame and Museum, Inc. and the Authority entered into a financing lease agreement pertaining to the building that houses the Hall of Fame and Museum. The Authority owns the building and leases the building to the Rock and Roll Hall of Fame and Museum, Inc. The lease is noncancelable until the underlying revenue bonds, as well as any related charges, are paid in full. The lease payments cover the principal and interest payments on the revenue bonds. All expenses related to the revenue bonds and the operation and maintenance of the facility are the responsibility of the Rock and Roll Hall of Fame and Museum, Inc.

In January 1997, the Authority issued $16,725,000 of Senior Refunding Revenue Bonds, Series 1997, and $18,130,000 of Subordinate Refunding Revenue Bonds, Series 1997, ("Senior and Subordinate Bonds") with fixed interest rates varying from 3.9% to 5.9%. The proceeds of the bond issues were used, together with other available funds that had accumulated under the Rock and Roll Hall of Fame and Museum, Inc.'s trust indenture through which its lease payments are made, to repay the remaining outstanding Revenue Bonds, Series 1993. The Senior and Subordinate Bonds are special obligations of the Authority payable solely from the proceeds received by the Authority under its lease with the Rock and Roll Hall of Fame and Museum, Inc. and do not represent or constitute a general obligation, bonded indebtedness or a pledge of the general credit or taxing power of the Authority. In connection with this refinancing, the Authority received a $750,000 fee which is being recognized in other fee and rental income on a straight-line basis over the 19 year term of the Senior and Subordinate Bonds. The portion of the fee that has not been recognized as income is reported on the Authority's balance sheet as deferred income.

Because the Authority has assumed no responsibility for the repayment of any of the bonds described above beyond the resources provided by the underlying lease, no activity pertaining to the project has been recognized in the accompanying statements of revenues, expenses, and changes in retained earnings and statements of cash flows except for the fees received by the Authority in connection with the refinancing.

## 6. APPLIED INDUSTRIAL TECHNOLOGIES, INC. PROJECT

During 1996, the Authority entered into an agreement with Bearings, Inc. (subsequently renamed Applied Industrial Technologies, Inc., referred to herein as "Applied") to construct a corporate headquarters within the Midtown Corridor of the City of Cleveland. Under the agreement, the Authority agreed to finance or arrange for financing the costs of the project, including acquisition of the land, construction of the facility, and purchase of certain furniture, fixtures and equipment. Applied agreed to rent the facility and personal property from the Authority under a twenty year lease which contains two ten year renewal options. The annual rental payments under the lease are approximately $1.5 million for the first five years of the lease and $2.6 million for the remainder of the initial twenty year term; sufficient to pay debt service on the outstanding project financings.

The outstanding balances of the taxable bonds and notes issued in connection with the project were as follows at December 31:

| | 1999 | 1998 |
|---|---|---|
| Taxable bonds and notes: | | |
| Headquarters Revenue Bonds, 7.28%, | $13,759,253 | $13,796,493 |
| Headquarters Revenue Bonds, 7.59%, | 4,913,891 | 4,950,191 |
| State of Ohio Revenue Note, 1.5% to 2.25% | 6,000,000 | 6,000,000 |
| Cleveland Development Partnership I, Limited Partnership Revenue Note, 6% | 2,242,038 | 2,347,547 |
| Cuyahoga County Revenue Note, 7.19% | 1,635,000 | 1,695,000 |
| City of Cleveland NDIF Revenue Note, 2% | 3,000,000 | 3,000,000 |
| City of Cleveland UDAG Revenue Note, non-interest bearing | 1,000,000 | 1,000,000 |
| City of Cleveland J.C. Hub Revenue Note, 2% | 862,531 | 880,711 |
| Total bonds and notes | $33,412,713 | $33,669,942 |

The bonds and notes are special limited obligations of the Authority, payable solely from, and secured by, certain reserve fund balances or agreements established in connection with the project and a pledge of rentals to be received by the Authority under the lease agreement with Applied. The various lenders also have a security interest in the headquarters facility. The bonds and notes do not constitute a general obligation of the Authority. The scheduled repayments of the bonds and notes outstanding at December 31, 1999 are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 275,767 | $ 1,685,666 | $ 1,961,433 |
| 2001 | 295,546 | 1,679,573 | 1,975,119 |
| 2002 | 735,769 | 1,692,678 | 2,428,447 |
| 2003 | 950,593 | 1,670,773 | 2,621,365 |
| 2004 | 1,049,425 | 1,610,195 | 2,659,621 |
| Thereafter | 30,105,613 | 12,238,522 | 42,344,135 |
| Total | $33,412,713 | $20,577,407 | $53,990,120 |

Lease payments from Applied began upon completion of construction in July 1997. The facility portion of the lease is accounted for as an operating lease and $2,131,966 of rental income was recognized by the Authority during 1999 under this portion of the lease. The Authority also recorded an approximate $2.5 million financing lease receivable during 1998 for the portion of the lease pertaining to furniture, fixtures, and equipment. The portion of the future rental payments to be received that are deemed to be attributable to the furniture, fixtures, and improvements are detailed in the following table along with the equipment financing lease receivable recognized on the December 31, 1999 balance sheet:

| Year | Amount |
|---|---|
| 2000 | $ 113,909 |
| 2001 | 114,269 |
| 2002 | 165,837 |
| 2003 | 197,872 |
| 2004 | 200,817 |
| Thereafter | 2,269,054 |
| | 3,061,758 |
| Unearned income | (669,036) |
| Total equipment financing lease receivable | $ 2,392,722 |

## 7. CLEVELAND BULK TERMINALS PROJECT

In March 1997, the Authority issued $6,640,000 of tax exempt Development Revenue Bonds, Series 1997-1 ("Series 1997-1 Bonds"). The proceeds of the bond issue, net of an original issuance discount of $121,910, were used to purchase approximately 45 acres of lakefront property and improvements operating as a working dock facility from Consolidated Rail Corporation ("Conrail") for $6,150,000. Approximately ten percent of the purchase price was placed into an escrow account by the Authority and will be paid to Conrail in the year 2000. The property, known as the C&P Ore Docks (and subsequently renamed Cleveland Bulk Terminals), is a vessel-to-rail transfer facility that handled approximately 934,000 tons of iron ore in 1999.

Upon purchasing the property from Conrail, the Authority entered into a lease and operating agreement with Oglebay Norton Terminals, Inc., a subsidiary of Oglebay Norton Company. Oglebay Norton Terminals, Inc. will continue to use the Cleveland Bulk Terminals property as an industrial port while developing a facility with multimodal and multicommodity capabilities.

The Series 1997-1 Bonds, which bear interest at an annual rate of 6%, are special obligations of the Authority payable primarily from the revenues received by the Authority under the lease and operating agreement and a separate guarantee of a portion of the principal and interest due under the bonds by Oglebay Norton Company. Accordingly, the bonds do not represent or constitute a general obligation, or a pledge of the faith and credit of the Authority. The Authority has, however, agreed to pay up to $120,000 per year towards the debt service charges relating to the Series 1997-1 Bonds and maintain unrestricted cash and investment balances of at least $2 million which could be used for the repayment of the bonds.

The bonds outstanding at December 31, 1999 are payable as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 220,000 | $ 391,800 | $ 611,800 |
| 2001 | 455,000 | 371,550 | 826,550 |
| 2002 | 485,000 | 343,350 | 828,350 |
| 2003 | 515,000 | 313,350 | 828,350 |
| 2004 | 545,000 | 281,550 | 826,550 |
| Thereafter | 4,420,000 | 557,400 | 4,977,400 |
| *Total payments* | 6,640,000 | $ 2,259,000 | $ 8,899,000 |
| Unamortized original issue discount | (83,745) | | |
| Recorded balance at December 31, 1999 | $ 6,556,255 | | |

The lease and operating agreement with Oglebay Norton Terminals, Inc., which has an initial noncancellable term of ten years and a ten year renewal option, provides for base rental payments along with certain additional rentals dependent upon the annual tonnage of freight handled at the facility. The future base rental payments required under the agreement, which is accounted for as an operating lease, are as follows:

| Year | Amount |
|---|---|
| 2000 | $ 676,613 |
| 2001 | 725,000 |
| 2002 | 725,000 |
| 2003 | 725,000 |
| 2004 | 725,000 |
| Thereafter | 1,605,914 |
| Total | $ 5,182,527 |

During 1999, the Authority recorded $607,500 of rental income under the agreement which included no amounts based on the amount of freight handled at the facility. The Authority recorded $627,845 of rental income under the agreement in 1998 which included $20,898 of contingent rentals.

The Series 1997-1 Bonds are subject to redemption prior to maturity by the Authority in accordance with the provisions of the related Trust Indenture. If the Authority were to redeem all of the outstanding Series 1997-1 Bonds prior to their maturity, the rental payments required under the lease and operating agreement with Oglebay Norton Terminals, Inc. would be reduced.

## 8. BOND FUND PROGRAM

The Authority has established a Common Bond Fund Program (the "Program") to provide long-term, fixed interest rate financing of $1 million to $6 million to credit worthy businesses for owner-occupied industrial and commercial projects. In order to initiate this Common Bond Fund Program, a system of cash reserves was formed. As part of the overall reserves system, the Authority's Board of Directors transferred $2 million of non-tax revenue from its existing cash and investment balances to a Bond Fund Program Reserve ("Bond Fund"). The State of Ohio awarded the Authority a grant of $2 million, received in February 1998, which was also deposited in the Bond Fund Program Reserve Account. In addition, in March 1998, the Authority obtained a non-recourse bank letter of credit in the amount of $4 million to provide additional security for bondholders.

Port of Cleveland Bond Fund Development Revenue Bonds are issued pursuant to authorization of the Ohio Revised Code and under a Trust Agreement dated November 1, 1997 between the Authority and a local financial institution. The program is designed to expand employment opportunities and increase the tax base in northeast Ohio, primarily in Cuyahoga County, for which the Authority has been designated an economic development financing agency of the State of Ohio, by providing long-term, fixed interest rate financing.

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 either deposit an amount into a Bond Fund Primary Reserve account with the trustee or to provide a letter of credit as additional security for the related bonds. Amounts in the Bond Fund Program Reserve, $4,115,144 at December 31, 1999, and Bond Fund Primary Reserves may be used for debt service in the event the borrower is unable to make the required payments under the lease. The trustee is to hold these funds during the term the bonds are outstanding, with investment income earned on the Bond Fund Primary Reserve amounts returned to the borrowers annually. Amounts held in the Authority's Bond Fund Program Reserve are included in restricted cash and investments in the accompanying balance sheets.

The bond issues are not general obligations of, and are not secured by, the full faith and credit of the Authority.

The following projects have been funded under the Program as of December 31, 1999.

***ESSROC Project***

During November 1997, the Authority issued $3,795,000 of Development Revenue Bonds (Port of Cleveland Bond Fund) Series 1997A (the "1997A Bonds"), net of an original issuance discount of $128,590. The proceeds of the 1998A Bonds were used to pay a portion of the costs of improving Dock 20/22 by providing bulkheading and various transportation, utility and other infrastructure improvements to be owned by the Authority and used in the operation of the dock. Construction was substantially complete at December 31, 1998. The 1997A Bonds are tax-exempt and bear interest at the rates ranging from 5.75% to 5.80% per annum.

Debt service under the bonds is to be paid primarily from the rental payments to be made to the trustee by ESSROC Cement Corp. ("ESSROC") in connection with a Ground Lease and Operating Agreement, pursuant to which ESSROC leases certain real property and bulkheading located on Dock 20 from the Authority. ESSROC has also agreed in the Ground Lease and Operating Agreement to pay the Authority certain land rentals and dockage and wharfage fees once the construction is completed. The future minimum rental payments to be received under the Ground Lease and Operating Agreement, which is accounted for as an operating lease, are as follows:

| Year | Amount |
|---|---|
| 2000 | $ 264,435 |
| 2001 | 267,218 |
| 2002 | 267,880 |
| 2003 | 264,250 |
| 2004 | 266,429 |
| Thereafter | 5,893,711 |
| Total | $ 7,223,923 |

As additional security, the Authority has agreed that the amount of Available Moneys (as defined in the 1997A Bonds) which can be used for the payment of principal and interest on the bonds due in any year will be at least 1.2 times the amount of such principal and interest. In addition, the Authority has agreed that it will not issue bonds or other indebtedness which have a claim, pledge or lien prior to that of the 1997A Bonds.

The 1997A Bonds are not general obligations and are not secured by the full faith and credit or taxing power of the Authority. Nor are they payable from any of the operating funds of the Authority. The 1997A Bonds are payable as follows only from funds pledged to secure the 1997A Bonds and the Authority's interest in, or obligations under, the collateral and the agreements defined in the 1997A Bonds:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 50,000 | $ 215,509 | $ 265,509 |
| 2001 | 55,000 | 212,634 | 267,634 |
| 2002 | 60,000 | 209,328 | 269,328 |
| 2003 | 60,000 | 205,878 | 265,878 |
| 2004 | 65,000 | 202,428 | 267,428 |
| Thereafter | 3,455,000 | 2,957,600 | 6,412,600 |
| Total payments | 3,745,000 | $ 4,003,377 | $ 7,748,377 |
| Unamortized original issue discount | (115,330) | | |
| Recorded balance at December 31, 1999 | $ 3,629,670 | | |

The 1997A Bonds are subject to redemption prior to maturity by the Authority.

Approximately $130,000 of interest costs were capitalized in connection with this project during 1998. As construction was substantially complete by December 31, 1998, no interest costs were capitalized during 1999.

***Jergens, Inc. Project***

In February 1998, the Authority issued $5,720,000 of Development Revenue Bonds (Port of Cleveland Bond Fund) Series 1998A (the "1998A Bonds"), net of an original issue discount of $221,993, to provide funds in the form of a loan to Jergens, Inc. and certain other parties (collectively, "Jergens") for the construction of a manufacturing facility. The project consists of the acquisition of approximately 12 acres of land, the construction of a new 94,000 square foot facility, and the purchase of new equipment. Construction was substantially complete at December 31, 1999.

The 1998A Bonds are tax-exempt, have a final maturity date of May 15, 2018, and bear interest at the rate of 5.375% per annum. The Authority has a first mortgage and security interest in all assets acquired with the 1998A Bond proceeds. The debt service on the 1998A Bonds will be paid by Jergens directly to the trustee as the loan is repaid.

The Series 1998A Bonds are not general obligations and are not secured by the full faith and credit or taxing power of the Authority; nor are they payable from any of the operating funds of the Authority. The Bonds are payable as follows only from funds pledged to secure the 1998A Bonds and the Authority's interest in, or obligations under, the collateral and the agreements defined in the 1998A Bonds, including amounts in the Bond Fund Program Reserve:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 180,000 | $ 295,894 | $ 475,894 |
| 2001 | 190,000 | 286,084 | 476,084 |
| 2002 | 200,000 | 275,737 | 475,737 |
| 2003 | 210,000 | 264,853 | 474,853 |
| 2004 | 225,000 | 253,431 | 478,431 |
| Thereafter | 4,545,000 | 1,904,766 | 6,449,766 |
| | 5,550,000 | $ 3,280,765 | $ 8,830,765 |
| Unamortized original issue discount | (190,365) | | |
| Recorded balance at December 31, 1999 | $ 5,359,635 | | |

The timing and amount of payments due from Jergens under the loan approximate the debt service requirements shown above for the 1998A Bonds plus a small administrative charge.

*NOACA Project*

In March 1999, the Authority issued $3,345,000 of Development Revenue Bonds (Port of Cleveland Bond Fund) Series 1998B (the "1998B Bonds"), net of an original issue discount of $100,283. The project consists of the acquisition and renovation of an existing 31,000 square foot facility which will serve as the new Northeast Ohio Areawide Coordinating Agency ("NOACA") headquarters. Construction was substantially complete at December 31, 1999.

The 1998B Bonds are tax-exempt, have a final maturity date of May 15, 2018, and bear interest at the rate of 5.375% per annum. The debt service on the 1998B Bonds will be paid by NOACA directly to the bond fund trustee under a lease agreement with NOACA. NOACA has the option to purchase the facility for $1 on May 15, 2018 or upon the defeasance of the 1998B Bonds.

The 1998B Bonds are not general obligations and are not secured by the full faith and credit or taxing power of the Authority; nor are they payable from any of the operating funds of the Authority. The 1998B Bonds are payable only from funds pledged to secure the 1998B Bonds pursuant to the Indenture and the Authority's interest in, or obligations under, the collateral and the agreements defined in the 1998B Bonds, including amounts in the Bond Fund Program Reserve.

The lease with NOACA is accounted for as a financing lease. Payments commenced under the lease in January 1999. The difference between the financing lease receivable and the total payments to be made by NOACA under the lease are being amortized to income over the lease term so as to produce a constant periodic rate of return on the Authority's net investment in the lease. The future minimum lease payments to be received and the Authority's net investment in the lease are as follows:

| Year | Amount |
|---|---|
| 2000 | $ 290,838 |
| 2001 | 285,565 |
| 2002 | 288,443 |
| 2003 | 287,592 |
| 2004 | 285,494 |
| Thereafter | 3,847,045 |
| Total | 5,284,977 |
| Unearned income | (2,190,926) |
| Net investment in lease | $ 3,094,051 |

The bonds outstanding at December 31, 1999 are payable as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 110,000 | $ 175,628 | $ 285,628 |
| 2001 | 110,000 | 169,716 | 279,716 |
| 2002 | 120,000 | 163,669 | 283,669 |
| 2003 | 125,000 | 157,219 | 282,219 |
| 2004 | 130,000 | 150,366 | 280,366 |
| Thereafter | 2,700,000 | 1,130,497 | 3,830,497 |
| | 3,295,000 | $ 1,947,095 | $ 5,242,095 |
| Unamortized original issue discount | (86,605) | | |
| Recorded balance at December 31, 1999 | $ 3,208,395 | | |

Approximately $75,000 of interest costs were capitalized in connection with this project during 1998. As construction was substantially complete by December 31, 1998, no interest costs were capitalized during 1999.

***Port Capital Improvements Project***

In May 1999, the Authority issued $5.23 million of Development Revenue Bonds (Port of Cleveland Bond Fund) Series 1999A (the "1999A Bonds"), net of an original issue discount of $26,150, to provide funds to pay a portion of the costs of site improvements, bulkheading, dredging and other dock, building, utility and walkway improvements (the "Port Capital Improvements Project"), and to pay a portion of the cost of refunding the Industrial Development Revenue Notes, Series 1998 (see Note 9) which the Authority issued to finance a portion of the costs of the Port Capital Improvements Project.

The 1999A Bonds are tax-exempt, have a final maturity date of May 15, 2019, and bear interest at the rate of 5.375% per annum. The debt service on the 1999A Bonds will be paid by the Authority directly to the bond fund trustee.

The Series 1999A Bonds are not general obligations and are not secured by the full faith and credit or taxing power of the Authority; nor are they payable from any of the operating funds of the Authority. The Bonds are payable as follows only from funds pledged to secure the 1999A Bonds and the Authority's obligations under the agreements defined in the 1999A Bonds, including amounts in the Bond Fund Program Reserve:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 155,000 | $ 275,603 | $ 430,603 |
| 2001 | 165,000 | 267,138 | 432,138 |
| 2002 | 170,000 | 258,134 | 428,134 |
| 2003 | 180,000 | 248,863 | 428,863 |
| 2004 | 190,000 | 239,053 | 429,053 |
| Thereafter | 4,305,000 | 1,950,856 | 6,255,856 |
| | 5,165,000 | $ 3,239,647 | $ 8,404,647 |
| Unamortized original issue discount | (24,772) | | |
| Recorded balance at December 31, 1999 | $ 5,140,228 | | |

Approximately $134,000 of interest costs were capitalized in connection with this project during 1999, which is expected to be completed in August 2000.

*Universal Heat Treating Project*

In December 1999, the Authority issued $1,480,000 of Development Revenue Bonds (Port of Cleveland Bond Fund) Series 1999B (the "1999B Bonds") to provide funds in the form of a loan to Universal Heat Treating, Inc. ("Universal Heat") to pay a portion of the costs of acquisition, construction, equipping, furnishing and improving a manufacturing and distribution building to be used for the heat treating and strengthening of industrial parts and related uses.

The 1999B Bonds are tax-exempt, have a final maturity date of November 15, 2014, and bear interest at the rate of 6.50% per annum. The Authority has a first mortgage and security interest in all assets acquired with the 1999B Bond proceeds. The debt service on the 1999B Bonds will be paid by Universal Heat directly to the trustee as the loan is repaid.

The Series 1999B Bonds are not general obligations and are not secured by the full faith and credit or taxing power of the Authority; nor are they payable from any of the general funds of the Authority. The Bonds are payable as follows only from funds pledged to secure the 1999B Bonds and the Authority's interest in, or obligations under, the collateral and the agreements defined in the 1999B Bonds, including amounts in the Bond Fund Program Reserve:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 15,000 | $ 96,200 | $ 111,200 |
| 2001 | 90,000 | 93,763 | 183,763 |
| 2002 | 90,000 | 87,913 | 177,913 |
| 2003 | 100,000 | 81,900 | 181,900 |
| 2004 | 100,000 | 75,400 | 175,400 |
| Thereafter | 1,085,000 | 362,537 | 1,447,537 |
| Total | $ 1,480,000 | $ 797,713 | $ 2,277,713 |

The timing and amount of payments due from Universal Heat under the loan approximate the debt service requirements shown above for the 1999B Bonds, plus a small administrative charge. As of December 31, 1999, approximately $284,000 of the proceeds of the 1999B Bonds had been loaned to Universal Heat and the remainder is included in restricted cash and investments in the accompanying December 31, 1999 balance sheet. The project is expected to be completed in 2000.

## 9. INDUSTRIAL DEVELOPMENT REVENUE NOTES SERIES 1998 PROJECT

In November 1998, the Authority issued $3.7 million of Industrial Development Revenue Notes (Old River Property and Dock 20/22 Projects) Series 1998 ("Series 1998 Notes") for the creation and preservation of jobs within the jurisdiction of the Authority. The project consisted of the acquisition of approximately fifteen acres of land adjacent to the Cuyahoga River, the lease of six acres of such property to a private business and the improvement of Dock 20/22. The twenty-five year operating lease provides for payments to the Authority which approximate $64,800 annually during years one through five and $100,000 annually thereafter.

During 1999, the Series 1998 Notes were retired with a portion of the proceeds of Development Revenue Bonds (Port of Cleveland Bond Fund) Series 1999A (see Note 8).

## 10. TAX ANTICIPATION NOTES, SERIES 1999

In May 1999, the Authority issued $6.84 million of Tax Anticipation Notes, Series 1999 ("TANs") for certain maritime and general public improvements to be undertaken by the Authority, including the construction of a new 800 foot dock designated as Dock 22 East and certain improvements to the access road to the Authority's property.

The TANs are tax-exempt, have a final maturity date of November 15, 2003, and bear interest at the rate of 3.70-3.90% per annum. The TANs are special obligations of the Authority and are to be paid only from the proceeds of the Authority's .13 mill property tax levy (see Note 4). The TANs are not general obligations of the Authority. They are secured solely by the proceeds of the Authority's property tax levy. The TANs are payable as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2000 | $ 1,620,000 | $ 258,430 | $ 1,878,430 |
| 2001 | 1,675,000 | 198,490 | 1,873,490 |
| 2002 | 1,740,000 | 136,515 | 1,876,515 |
| 2003 | 1,805,000 | 70,395 | 1,875,395 |
| Total | $ 6,840,000 | $ 663,830 | $ 7,503,830 |

Approximately $63,000 of interest costs were capitalized in connection with this project during 1999, which is expected to be completed in August 2000. Approximately $6.9 million of costs pertaining to this project were included in construction in progress at December 31, 1999.

## 11. OFFICEMAX PROJECT

In December 1998, the Authority obtained financing to acquire 34 acres of land and construct a 129,000 square foot office facility in Highland Hills, Ohio. Concurrently, the Authority executed a Master Lease Agreement with OfficeMax, Inc. ("OfficeMax") pursuant to which OfficeMax agreed to lease the facility through at least December 2005 (certain renewal options are also available) as well as manage its construction.

The financing for the project consists of a $18,530,000 Promissory Note from a financial institution and a $1.8 million loan from the State of Ohio. A total of $13,436,962 had been borrowed under the Promissory Note as of December 31, 1999 and is shown as a liability in the accompanying balance sheet. As of December 31, 1999, no borrowings had been made under the $1.8 million State of Ohio loan. Neither of the loans are general obligations secured by the full faith and credit or taxing power of the Authority. Both loans are payable solely from a pledge of rentals to be received by the Authority under a lease agreement with OfficeMax. The lenders also have a security interest in the land, facility, and related personal property associated with the project. The basic lease term expires on December 18, 2005 and is subject to renewal as described in the Master Lease Agreement. The rentals due under the lease during its initial term equal the amounts due under each of the loans during the lease term, plus an additional amount which is retained by the Authority equal to .125% of the outstanding balance of the financial institution loan on each rent payment date commencing on December 18, 2001.

The loan from the financial institution bears interest at a rate which varies with LIBOR and matures on December 18, 2005, when the entire principal balance is due. Interest is not payable during the construction period. The interest rate on the loan was 6.0725% on December 31, 1999. The loan contains a six year renewal option as defined in the Note Purchase Agreement.

The State of Ohio loan bears interest at 5.00% and is payable in 156 monthly installments of $12,977 and a final installment of $600,000 on December 18, 2011. In the event the lessee does not renew the lease beyond its initial term expiring on December 18, 2005, the Authority is not liable for any subsequent, scheduled payments under the loan except for the $600,000 payment due on December 18, 2011, which is collateralized by a first mortgage security interest in the property held by the State of Ohio.

Approximately $424,000 of interest costs were capitalized in connection with this project during 1999, which is expected to be completed in 2000. Approximately $17.2 million of costs pertaining to this project were included in construction in progress at December 31, 1999.

## 12. METROHEALTH PROJECT

In November 1999, the Authority obtained financing to lease approximately one acre of land from Cuyahoga County and to construct a 262,000 square foot parking garage consisting of 7 levels and approximately 760 parking spaces adjacent to the MetroHealth Medical Center. Concurrently, the Authority executed a Master Lease Agreement with MetroHealth System ("MetroHealth ") pursuant to which MetroHealth agreed to lease the facility through at least December 1, 2004 (certain renewal options are also available) as well as manage its construction.

The financing for the project consists of two Public Improvement Revenue Notes ("Notes") totaling $10,973,006, which were purchased by a financial institution ("Purchaser"). All of the proceeds of the notes were included in the Authority's restricted cash and investments at December 31, 1999. The Notes are not general obligations secured by the full faith and credit or taxing power of the Authority, and are payable solely from a pledge of rentals to be received by the Authority under an operating lease agreement with MetroHealth. The Purchaser also has a security interest in the facility. The basic lease term expires on December 1, 2004 and is subject to renewal as described in the Master Lease Agreement. The rentals due under the lease during its initial term equal the amounts due under each of the Notes, plus an additional amount which is retained by the Authority equal to 30 basis points on the outstanding principal balance of the Notes on each rental payment date commencing on March 1, 2000.

The Notes bear interest at a rate of 5.8% per annum for the duration the initial lease term, subject to MetroHealth's compliance with certain covenants relating to their long-term debt rating. The Notes mature on November 30, 2004, when the entire principal balance is due. The Notes contain five one-year renewal options as defined in the Note Purchase Agreement.

Approximately $60,000 of interest costs were capitalized in connection with this project during 1999, which is expected to be completed in August 2000. Approximately $3.1 million of costs pertaining to this project were included in construction in progress at December 31, 1999.

## 13. OTHER LEASES

***Authority as Lessee*** - The Authority is the lessee of property commonly known as Docks 32, 30, 28, 26, and 24 under an operating lease with the City of Cleveland. The lease term expires in 2028; however, the City of Cleveland has the right to remove Docks 32, 30, and a portion of Dock 28 from the lease upon five years written notice. At such time, the annual rental will be reduced based on the number of square feet removed from the lease. Rental expense under the City of Cleveland operating lease was $500,000 for 1999 and 1998. Minimum future lease payments under the City of Cleveland operating lease at December 31, 1999, assuming no removal of property included in the lease are $500,000 per year through December 31, 2028.

***Authority as Lessor*** - The Authority subleases a portion of the property leased from the City of Cleveland under operating leases expiring in 2000. Total rental income from these leases amounted to $372,204 and $359,297 for the years ended December 31, 1999 and 1998, respectively. Minimum future rentals to be received on operating subleases as of December 31, 1999 are $93,735 for the year ending December 31, 2000.

The Authority is the lessor of certain real property under operating leases expiring in 2000. Total rental income from these leases amounted to $505,980 and $467,496 for the years ended December 31, 1999 and 1998, respectively. Minimum future rentals to be received on operating leases as of December 31, 1999 are $127,362 for the year ending December 31, 2000.

## 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 acts of God. 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.

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.

Settled claims have not exceeded the Authority's commercial insurance coverage for any of the past three years.

## 15. STADIUM FINANCING

During 1996, the Board of Directors of the Authority, by motion, declared its intent to participate in certificates of participation financing to be undertaken by the City of Cleveland (the "City") for the financing of the construction of a new football stadium. A Cooperative Agreement between the Authority, Cuyahoga County, the National Football League and the City was executed which set forth an agreement in relation to the financing and building of a new football stadium. Under this Cooperative Agreement, the Authority agreed to: 1) enter into a ground lease with the City for the stadium property; 2) lease the stadium back to the City; and 3) assign certain of its rights under the leases to a trustee to enable the issuance of certificates of participation in the City's payments of rent to the trustee pursuant to the leases. On March 7, 1997, the Board of Directors of the Authority adopted a resolution authorizing and approving the execution, delivery and performance of certain documents in connection with the financing, including the ground lease, lease and assignment. During 1997 and 1999, City of Cleveland certificates of participation in the amount of $139.3 million and $20.5 million, respectively, were sold by the trustee.

Simultaneously with the issuance of the certificates of participation, the Authority assigned to the trustee, with concurrence of the City, substantially all of its rights under the ground lease and leaseback to the Authority. The certificates of participation do not represent obligations of the Authority and the Authority has no significant rights or responsibilities with respect to the leases. Accordingly, no amounts have been recorded in the accompanying financial statements with respect to this transaction.

## 16. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". These statements establish accounting standards for non-exchange transactions such as grants, property taxes and other assistance provided to the Authority by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the Authority's year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2003. The Authority has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

## 17. SUBSEQUENT EVENTS

***State of Ohio 166 Loan*** - In January 2000, the Authority received the proceeds of a $725,000 State of Ohio 166 Loan to reimburse the Authority for a portion of the cost of the 1998 acquisition of approximately fifteen acres of land adjacent to the Cuyahoga River, of which six acres were subsequently leased to a private business (see Note 9).

The loan bears interest at the rate of 4.25% per annum, and is payable in 180 consecutive monthly installments of $5,363 (including interest) commencing March 1, 2000. The loan is secured by an assignment of the six-acre lease, and is payable from the operating funds of the Authority.

***Office Lease*** - In January 2000, the Authority entered into a lease agreement with Cleveland Center Investors 1, L.L.C. for approximately 8,400 square feet of office space at One Cleveland Center. The lease commenced on January 15, 2000 and expires on January 14, 2003. The lease provides the Authority a one time right to terminate effective upon any date following December 31, 2001, with not less than a four-month notice, subject to payment of certain unamortized costs of the landlord. Annual base rental is $159,486, $163,683 and $167,880 for 2000, 2001 and 2002, respectively.

***Amendment to Ohio Revised Code*** - During May 2000, Section 4582 of the Ohio Revised Code was amended to revise the statutory provisions that prescribe the duties and powers of port authorities to better enable port authorities to promote economic development within the State of Ohio. Specifically, the legislation (among other things):

- Clarifies the definition of port authorities to include the diverse maritime, aviation, transportation, and economic development missions of modern port authorities
- Provides that any subdivision within the jurisdiction of the port authority may financially support any authorized purpose of the authority
- Clarifies and confirms the ability of port authorities to acquire and dispose of interests in properties
- Enables port authorities to keep confidential private financial statements and trade secret information, when necessary for the negotiation of commitments by employers for the creation or preservation of jobs.

* * * * * *

## CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

**BALANCE SHEET INFORMATION BY INDIVIDUAL PROJECT/ACTIVITY**
**DECEMBER 31, 1999**
**(with Compartive Totals for 1998)**

| ASSETS | Port Activities | North Coast Harbor Activities | Applied Industrial Technologies, Inc. Project | Cleveland Bulk Terminals Project | OfficeMax Project | MetroHealth Project | Port of Cleveland Bond Fund | 1999 | 1998 |
|---|---|---|---|---|---|---|---|---|---|
| CURRENT ASSETS: | | | | | | | | | |
| Cash and investments | $ 5,946,021 | | | | | | | $ 5,946,021 | $ 6,815,213 |
| Accounts receivable, net of allowance for doubtful accounts of $8,219 in 1999 and 1998 | 649,343 | | | | | | | 649,343 | 520,603 |
| Property taxes receivable | 3,300,000 | | | | | | | 3,300,000 | 3,320,203 |
| Other receivables | 65,712 | | | | | | | 65,712 | 61,161 |
| Prepaid expenses | 17,107 | | | | | | | 17,107 | 128,093 |
| Total current assets | 9,978,183 | | | | | | | 9,978,183 | 10,845,273 |
| LAND, FACILITIES, AND EQUIPMENT: | | | | | | | | | |
| Land and land improvements | 12,495,645 | | $ 8,499,076 | $6,362,309 | $ 2,326,900 | | $ 129,777 | 29,813,707 | 29,833,596 |
| Buildings, wharves, docks, and leasehold improvements | 10,109,968 | | 24,610,582 | | | | 2,889,576 | 37,610,126 | 37,080,610 |
| Equipment | 213,025 | | | | | | | 213,025 | 225,937 |
| Construction in progress | 6,871,042 | | | | 17,200,247 | $ 3,130,448 | 209,425 | 27,411,162 | 739,748 |
| Total | 29,689,680 | | 33,109,658 | 6,362,309 | 19,527,147 | 3,130,448 | 3,228,778 | 95,048,020 | 67,879,891 |
| Less accumulated depreciation | 4,551,037 | | 1,537,377 | | | | 134,159 | 6,222,573 | 5,234,025 |
| Net book value of land, facilities and equipment | 25,138,643 | | 31,572,281 | 6,362,309 | 19,527,147 | 3,130,448 | 3,094,619 | 88,825,447 | 62,645,866 |
| RESTRICTED AND OTHER ASSETS: | | | | | | | | | |
| Restricted cash and investments | 3,216,789 | $ 226,557 | 1,110,484 | 1,548,797 | | 10,973,006 | 10,175,872 | 27,251,505 | 14,025,511 |
| Lease receivable, Rock and Roll Hall of Fame and Museum, Inc. | | 30,875,000 | | | | | | 30,875,000 | 32,295,000 |
| Note receivable | | | | | | | 5,589,163 | 5,589,163 | 3,200,024 |
| Debt issuance costs | 129,224 | | 1,049,860 | 235,676 | 501,832 | 425,365 | 587,814 | 2,929,771 | 2,482,339 |
| Operating lease receivable | 32,427 | | 1,948,980 | 803,464 | | | | 2,784,871 | 1,838,673 |
| Financing lease receivable | | | 2,392,722 | | | | 3,094,051 | 5,486,773 | 4,936,431 |
| Other | 13,533 | 50,885 | 121,890 | 12,479 | | | 55,117 | 253,904 | 222,410 |
| Total restricted and other assets | 3,391,973 | 31,152,442 | 6.623,936 | 2,600,416 | 501,832 | 11,398,371 | 19,502,017 | 75,170,987 | 59,000,388 |
| TOTAL ASSETS | $38,508,799 | $31,152,442 | $38,196,217 | $8,962,725 | $20,028,979 | $14,528,819 | $22,596,636 | $173,974,617 | $132,491,527 |

*(Continued)*

## CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

**BALANCE SHEET INFORMATION BY INDIVIDUAL PROJECT/ACTIVITY**
**DECEMBER 31, 1999**
**(with Compartive Totals for 1998)**

| LIABILITIES AND FUND EQUITY | Port Activities | North Coast Harbor Activities | Applied Industrial Technologies, Inc. Project | Cleveland Bulk Terminals Project | OfficeMax Project | MetroHealth Project | Port of Cleveland Bond Fund | 1999 | 1998 |
|---|---|---|---|---|---|---|---|---|---|
| CURRENT LIABILITIES: | | | | | | | | | |
| Accounts payable | $ 123,210 | | | | | | | $ 123,210 | $ 715,139 |
| Deferred income | 4,054,455 | | | | | | | 4,054,455 | 4,058,583 |
| Accrued wages and benefits | 84,430 | | | | | | | 84,430 | 96,525 |
| Total current liabilities | 4,262,095 | | | | | | | 4,262,095 | 4,870,247 |
| OTHER LIABILITIES, INCLUDING AMOUNTS RELATING TO RESTRICTED ASSETS: | | | | | | | | | |
| Accounts payable | 1,230,144 | $ 8,156 | | | $ 6,692,686 | $ 3,602,777 | $ 287,533 | 11,821,296 | 811,359 |
| Deferred income | | 214,355 | $ 123,068 | $ 41,666 | | | 610 | 379,699 | 496,001 |
| Accrued interest payable | 32,304 | | 445,448 | 132,800 | | 53,036 | 133,183 | 796,771 | 612,680 |
| Deferred acquisition cost payable | | | | 644,168 | | | | 644,168 | 609,176 |
| Revenue bonds and notes: | | | | | | | | | |
| Industrial Development Revenue Notes | | | | | | | | | |
| Tax Anticipation Notes | 6,840,000 | | | | | | | 6,840,000 | 3,700,000 |
| Rock and Roll Hall of Fame and Museum, Inc. | | 30,875,000 | | | | | | 30,875,000 | 32,295,000 |
| Applied Industrial Technologies, Inc. Project | | | 33,412,713 | | | | | 33,412,713 | 33,669,942 |
| Cleveland Bulk Terminals Project | | | | 6,556,255 | | | | 6,556,255 | 6,542,771 |
| OfficeMax Project | | | | | 13,436,962 | | | 13,436,962 | 3,013,040 |
| MetroHealth Project | | | | | | 10,973,006 | | 10,973,006 | |
| Bond Fund Activities | | | | | | | 18,817,928 | 18,817,928 | 12,436,558 |
| Debt repayment security deposits | | | | | | | 404,666 | 404,666 | 388,013 |
| Other | 10,000 | | | | | | | 10,000 | |
| Total | 8,112,448 | 31,097,511 | 33,981,229 | 7,374,889 | 20,129,648 | 14,628,819 | 19,643,920 | 134,968,464 | 94,574,540 |
| Total liabilities | 12,374,543 | 31,097,511 | 33,981,229 | 7,374,889 | 20,129,648 | 14,628,819 | 19,643,920 | 139,230,559 | 99,444,787 |
| FUND EQUITY: | | | | | | | | | |
| Contributed capital | 2,569,679 | | 4,659,571 | | | | 2,000,000 | 9,229,250 | 9,072,750 |
| Retained earnings | 23,564,577 | 54,931 | (444,583) | 1,587,836 | (100,669) | (100,000) | 952,716 | 25,514,808 | 23,973,990 |
| Total fund equity | 26,134,256 | 54,931 | 4,214,988 | 1,587,836 | (100,669) | (100,000) | 2,952,716 | 34,744,058 | 33,046,740 |
| TOTAL LIABILITIES AND FUND EQUITY | $38,508,799 | $31,152,442 | $38,196,217 | $ 8,962,725 | $20,028,979 | $14,528,819 | $22,596,636 | $173,974,617 | $132,491,527 |

(Concluded)

## CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

### REVENUE AND EXPENSE INFORMATION BY INDIVIDUAL PROJECT/ACTIVITY
### YEAR ENDED DECEMBER 31, 1999
### (with Compartive Totals for 1998)

| | Port Activities | North Coast Harbor Activities | Applied Industrial Technologies, Inc. Project | Cleveland Bulk Terminals Project | OfficeMax Project | MetroHealth Project | Port of Cleveland Bond Fund | 1999 | 1998 |
|---|---|---|---|---|---|---|---|---|---|
| OPERATING REVENUES: | | | | | | | | | |
| Wharfage, dockage and storage | $ 817,233 | | | | | | | $ 817,233 | $ 1,235,710 |
| Property lease and rentals | 1,110,557 | | $ 2,131,966 | $ 607,500 | | | $ 263,509 | 4,113,532 | 3,686,651 |
| Other fee and rental income | 463,804 | $ 997 | | | | | | 464,801 | 691,442 |
| Third party contributions | 76,830 | 450,191 | | | | | | 527,021 | 259,306 |
| Other | 15,906 | | | | | | | 15,906 | 3,209 |
| Total operating revenues | 2,484,330 | 451,188 | 2,131,966 | 607,500 | | | 263,509 | 5,938,493 | 5,876,318 |
| OPERATING EXPENSES: | | | | | | | | | |
| Salaries and benefits | 1,331,430 | 36,114 | | | | | | 1,367,544 | 1,292,131 |
| Facilities lease and maintenance | 1,391,295 | 439,134 | | | | | 311,268 | 2,141,697 | 1,058,931 |
| Professional services | 657,847 | 6,750 | | | | | | 664,597 | 517,913 |
| Marketing and communications | 320,639 | | | | | | | 320,639 | 238,725 |
| Depreciation expense | 319,639 | | 615,285 | | | | 90,898 | 1,025,822 | 977,697 |
| Office expense | 116,798 | | | | | | | 116,798 | 96,832 |
| Other expense | 220,835 | | | | | | | 220,835 | 211,876 |
| Total operating expenses | 4,358,483 | 481,998 | 615,285 | | | | 402,166 | 5,857,932 | 4,394,105 |
| OPERATING INCOME (LOSS) | (1,874,153) | (30,810) | 1,516,681 | 607,500 | | | (138,657) | 80,561 | 1,482,213 |
| NONOPERATING REVENUES (EXPENSES): | | | | | | | | | |
| Property tax receipts | 3,229,979 | | | | | | | 3,229,979 | 1,424,133 |
| Income from investments, financing leases and note receivable | 550,151 | 16,686 | 116,437 | 34,330 | | | 670,581 | 1,388,185 | 1,163,668 |
| Grants | | | | | | | | | 140,945 |
| Interest expense | (32,647) | | (1,873,111) | (484,365) | | | (811,687) | (3,201,810) | (2,679,864) |
| Other - net | 65,638 | | (2,880) | (1,006) | | | (17,849) | 43,903 | 45,172 |
| Total nonoperating revenues | 3,813,121 | 16,686 | (1,759,554) | (451,041) | | | (158,955) | 1,460,257 | 94,054 |
| TRANSFERS BETWEEN ACTIVITIES | 1,327,404 | 14,124 | (6,000) | (16,600) | | $ (100,000) | (1,218,928) | | |
| NET INCOME (LOSS) | $ 3,266,372 | $ - | $ (248,873) | $ 139,859 | | $ (100,000) | $(1,516,540) | $ 1,540,818 | $ 1,576,267 |

**Deloitte & Touche LLP**
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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Cleveland-Cuyahoga County Port Authority

We have audited the financial statements of the Cleveland-Cuyahoga County Port Authority (the "Authority") as of and for the year ended December 31, 1999, and have issued our report thereon dated May 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors and management of the Authority and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

May 9, 2000

# CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

## STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE YEAR ENDED DECEMBER 31, 1999

There were no significant or material comments on internal control and legal compliance included in the prior year reports.

**STATE OF OHIO**
**OFFICE OF THE AUDITOR**
JIM PETRO, AUDITOR OF STATE

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**CLEVELAND CUYAHOGA COUNTY PORT AUTHORITY**

**CUYAHOGA 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**
**SEPTEMBER 7, 2000**