



**STARK COUNTY PORT AUTHORITY
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

STARK COUNTY PORT AUTHORITY
STARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Stark County Port Authority
Stark County
116 Cleveland Avenue, NW
Suite 600
Canton, Ohio 44702

To the Board of Directors:

We have audited the accompanying financial statements of the Stark County Port Authority, Stark County, (the Port Authority) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Port 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 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 audits 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.

As discussed in Note 1, the Port Authority prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and reserves for encumbrances of the Port Authority as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2001 on our consideration of the Port 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 audits.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 30, 2001

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**STARK COUNTY PORT AUTHORITY
STARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Cash Receipts:		
Rental Income	\$143,140	\$101,511
Operating Cash Disbursements:		
Contractual Services	32,046	32,438
Insurance	7,843	7,100
Maintenance & Repairs	0	15,887
Legal	10,648	44,969
Miscellaneous Fees	1,475	5,300
Total Operating Cash Disbursements	52,012	105,694
Total Operating Cash Receipts Over/(Under) Operating Cash Disbursements	91,128	(4,183)
Non-Operating Cash Receipts/(Disbursements):		
Intergovernmental	50,000	60,000
Investment Income	2,817	0
Other	7,075	5,300
Interest and Fiscal Charges	(3,250)	(3,250)
Total Non-Operating Cash Receipts	56,642	62,050
Excess of Cash Receipts Over Cash Disbursements	147,770	57,867
Cash Balance, January 1	89,782	31,915
Cash Balance, December 31	\$237,552	\$89,782
Reserves for Encumbrances, December 31	\$33,000	\$11,670

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

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**STARK COUNTY PORT AUTHORITY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Stark County Port Authority (the Port Authority) is a body politic and corporate established to promote, develop and advance the general welfare, commerce, and economic development of Stark County and its citizens, and to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority is directed by a five-member Board appointed by the Stark County Commissioners.

The Port Authority is a component unit of Stark County due to the members of the Port Authority's board being appointed by the Stark County Board of Commissioners and the Port Authority is economically dependent on the County for operating subsidies.

The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable. The Port Authority was formed in June 1995 and became independent from Stark County as their fiscal agent in May 1998.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Port Authority maintains an Enterprise Fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Port Authority. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

D. Budgetary Process

Budget

The Ohio Revised Code, Section 4582.13, requires that each fund be budgeted annually. This budget includes estimated receipts and appropriations.

Appropriations

According to the bylaws of the Port Authority, the Board shall adopt an appropriation resolution.

Encumbrances

The Port Authority reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and are not reappropriated.

**STARK COUNTY PORT AUTHORITY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment, if any, are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the financial statements.

2. CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$135,392	\$89,782
Certificate of Deposit	<u>102,160</u>	<u>0</u>
Total Deposits	<u>\$237,552</u>	<u>\$89,782</u>

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary Activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	\$202,930	\$203,032	\$102

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	\$212,170	\$88,262	\$123,908

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	\$161,511	\$166,811	\$5,300

**STARK COUNTY PORT AUTHORITY
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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$129,248	\$120,614	\$8,634

4. RISK MANAGEMENT

The Port Authority has obtained public officials' liability insurance from the Ohio Farmers Insurance Company.

5. RELATED PARTY TRANSACTIONS

During 1997 and 1998, the Port Authority applied for and received loans through the Stark County Community Improvement Corporation (CIC). The Stark Development Board (SDB) does the billing of these loans for the CIC and charges a service fee for this service to the entities receiving the loans. The Port Authority contracts with the SDB for administrative and management services. In 2000 and 1999, the Port Authority paid the SDB \$250 and \$250, respectively for servicing the loans.

6. DEBT

At December 31, 2000, debt outstanding totaled \$100,000 consisting of two \$50,000 loans with the CIC with a 3% rate of interest.

The Port Authority obtained the CIC loans for operating purposes. The interest will be paid in annual installments with the balance of the loan being repaid at the end of the loan term.

Amortization of the above debt, including interest, is scheduled as follows:

Year ended December 31:	1997 Loan	1998 Loan	Total
2001	\$1,500	\$1,500	\$3,000
2002	51,500	1,500	53,000
2003	0	51,500	51,500
Total	\$53,000	\$54,500	\$107,500

The Stark County Port Authority authorized the issuance in an amount not to exceed \$5,300,000 of Stark County Port Authority Adjustable Rate Revenue Bonds. The proceeds of the bonds will be loaned to and become the debt of the Stark County Community Action Agency, used to finance costs of acquiring, constructing, installing and financing a family development center, a job training center and related facilities within the geographical jurisdiction of the County.

**STARK COUNTY PORT AUTHORITY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. DEBT (Continued)

On October 20, 2000, the Board of Directors adopted a resolution to consider authorizing and issuing revenue bonds of the Port Authority in an aggregate face amount not to exceed \$65 million for the purpose of providing funds to pay the costs of acquiring, construction, furnishing and equipping port authority facilities (the "Project"). The Project will be owned by, leased to, or otherwise used by PEL Technologies, LLC, an Ohio corporation as facilities for the conversion of hazardous and non-hazardous wastes into marketable engineered oxides, located at 3026 Saratoga, S.W., Canton. Further official action will be taken upon issuance of the bonds with one or more agreements ("Financing Agreements") between the Port Authority and the Company in respect to the Project and financing therefor. These bonds are expected to be issued in fiscal year 2001.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Stark County Port Authority
Stark County
116 Cleveland Avenue, NW
Suite 600
Canton, Ohio 44702

To the Board of Directors:

We have audited the accompanying financial statements of the Stark County Port Authority, Stark County, (the Port Authority), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 30, 2001. We conducted our audits 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 Port Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of the Port Authority in a separate letter dated March 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Port 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 misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Stark County Port Authority
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 30, 2001



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STARK COUNTY PORT AUTHORITY

STARK 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
MAY 10, 2001**