

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2021**

***Zupka & Associates***  
Certified Public Accountants



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Western Reserve Port Authority  
100 East Federal Plaza, Suite 500  
Youngstown, OH 44503

We have reviewed the *Independent Auditor's Report* of the Western Reserve Port Authority, Trumbull County, prepared by Zupka & Associates, for the audit period January 1, 2021 through December 31, 2021. 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 Western Reserve Port Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 27, 2022

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## INDEPENDENT AUDITOR'S REPORT

Western Reserve Port Authority  
Trumbull County, Ohio  
100 East Federal Street, Suite 422  
Youngstown, Ohio 44503

To Members of the Board of Directors:

### **Report on the Financial Statements**

#### *Opinions*

We have audited the accompanying cash basis financial statements of the business-type activities and each major fund of the Western Reserve Port Authority, Trumbull County, Ohio (the Port Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business-type activities and each major fund of the Western Reserve Port Authority, Ohio, as of December 31, 2021, and the respective changes in the cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Accounting Basis*

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### ***Emphasis of Matter***

As discussed in Note 28 to the cash basis financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port Authority's basic financial statements. The Schedule of Passenger Facility Charges Collected and Expended is required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. The Schedule of Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Collected and Expended is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

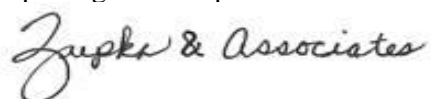
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis but does not include the basic financial statements or our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022, on our consideration of the Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our internal control testing over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.



Zupka & Associates  
Certified Public Accountants

September 27, 2022

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**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)**

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The Management's Discussion and Analysis of the Western Reserve Port Authority (Port Authority) financial performance provides an overall narrative review and analysis of the Port Authority's financial activities for the year ended December 31, 2021, within the limitations of the Port Authority's cash-basis of accounting. The intent of this Discussion and Analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

The Port Authority has two major divisions: 1) an Economic Development Division (ED Division) created to stimulate and support activities that enhance and promote transportation, economic development, and governmental operations within Mahoning and Trumbull Counties and 2) an Aviation Division created to operate and maintain the Youngstown-Warren Regional Airport (Airport).

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Port Authority's cash-basis of accounting.

**Report Components**

The *Statement of Net Position – Cash Basis* and the *Statement of Activities – Cash Basis* provide information about the cash activities of the Port Authority as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Port Authority as a way to segregate money whose use is restricted to a particular specified purpose. The *Statement of Fund Net Position – Cash Basis* and the *Statement of Receipts, Disbursements, and Changes in Fund Net Position – Cash Basis* present financial information by fund.

The *Notes to the Basic Financial Statements* are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Port Authority has elected to present its financial statements on a cash-basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles.

Under the Port Authority's cash-basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the cash-basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash-basis of accounting.

**Financial Highlights**

Table 2, Statement of Activities (Cash Basis), provides a comparison of receipts, disbursements, and changes in net position for 2021 and 2020. An analysis of Table 2 reflects the following key financial highlights for 2021:

Net position of business-type activities at December 31, 2021 decreased \$1,027,706, or 33%, from December 31, 2020. This significant decrease was primarily the result of:

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- 1) the Port Authority Fund realizing in 2021 an increase in net position of \$33,384, or 4%, from 2020 due primarily to (A) an increase of \$545,943 in lodging tax receipts from Mahoning and Trumbull Counties in 2021 over 2020 (due to COVID-19 Pandemic's negative impact on lodging activity in 2020 and the recovery of the same in 2021), (B) an increase of \$124,000 in rental and lease income in 2021 over 2020 (due to 12 months of lease income in 2021 as compared with 8 months in 2020 for a facility acquired in mid-2020 and leasing of the same), all of which was offset by (C) an increase of \$423,500 in capital outlay in 2021 over 2020 (due to acquiring real property in 2021 which will be sold to the Army Corps of Engineers in 2022 for expansion at the Youngstown Air Reserve Station), and (D) an increase of \$200,000 in interfund transfers-out from the Port Authority Fund in 2021 over 2020 (due to an increase to the Economic Development Fund for facility construction). Note that the Port Authority Fund realized an increase in net position of \$148,270 in 2020 over 2019, an increase in net position of \$135,612 in 2019 over 2018, and an increase in net position of \$170,094 in 2018 over 2017;
- 2) the Aviation Fund realizing in 2021 a decrease in net position of \$167,789, or 66%, from 2020 due primarily to two significant events: 1) in December 2021, the Port Authority extinguished the remaining \$2,220,000 principal of its airport capital improvement bonds (series 2011) by issuing a \$2,050,000 Development Revenue Refunding Bond, extinguishing and applying an approximate \$142,000 covenant required reserve fund, and an approximate \$28,000 additional payment which resulted in (A) an increase of \$2,050,000 in proceeds from debt in 2021 over 2020 and (B) an increase of \$2,214,381 in debt service in 2021 over 2020. 2) (C) a decrease of \$1,281,862 in intergovernmental receipts in 2021 under 2020 (due primarily to a decrease of \$1,235,862 in FAA Airport Improvement Program Federal Assistance Grants (AIP) in 2021 under 2020) which resulted in (D) a decrease of \$1,160,842 in capital outlay disbursements funded by AIP and required matching in 2021 under 2020 and (E) a decrease of \$212,955 in contractual service disbursements (primarily engineering fees) funded by AIP and required matching in 2021 under 2020. Less significant were (F) an increase of \$67,820 in materials and supplies disbursements in 2021 over 2020 (due primarily to the timing of purchasing winter deicing materials and airfield marking materials), (G) an increase of \$39,705 in personal services in 2021 over 2020 (due primarily to increases in health insurance premiums), and (H) an increase of \$26,935 in utility disbursements in 2021 over 2020 (due to increasing utility rates). Note that the Aviation Fund realized an increase in net position of \$15,012 in 2020 over 2019, a decrease in net position of \$128,012 in 2019 under 2018, and a decrease in net position of \$199,614 in 2018 under 2017; and
- 3) the Economic Development Fund realizing in 2021 a decrease in net position of \$893,301, or 44%, from 2020 due primarily to (A) a decrease of \$3,041,960 in sale of assets in 2021 under 2020 (due to the \$1,900,000 sale of a facility and the \$1,141,960 sale of a facility in 2020), (B) a decrease of \$1,868,774 in fees and charges for services receipts in 2021 under 2020 (primarily due to a decrease of \$1,924,731 in the number and monetary size of administrative fees for capital lease projects in 2021 under 2020), (C) an increase of \$101,280 in repairs and maintenance disbursements in 2021 over 2020 (primarily due to an increase in repairs and maintenance expended for the Mahoning County Campus of Care which was reimbursed by Mahoning County), and (D) an increase of \$67,335 in personal services in 2021 over 2020 (due primarily to increases in health insurance premiums), all of which was offset by (E) a decrease of \$1,148,694 in capital outlay disbursements in 2021 under 2020 (due to the \$1,141,960 acquisition of a facility in 2020), (F) a decrease of \$791,670 in debt service disbursements in 2021 under 2020 (due to the pay-off of a note associated with the sale of a facility in 2020), (G) an increase in other cash receipts of \$572,148 in 2021 over 2020 (primarily due to an increase in reimbursement of Mahoning County Campus of Care operational costs by Mahoning County), (H) an increase of \$200,000 in interfund transfers-in from the Port Authority Fund in 2021 over 2020, (I) a decrease of \$102,870 in contractual service disbursements in 2021 under 2020 (primarily due to a decrease of \$230,969 in legal fees for capital lease projects and engineering fees for capital improvement projects which was offset by an increase of \$117,050 for liability insurance related to the acquisition of the former RG Steel facility in 2021), and (J) an increase in rental/lease income of \$55,957 in 2021 over 2020 (primarily due to an increase in leased property at the Mahoning County Campus of Care).

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Note that the Economic Development Fund realized an increase in net position of \$1,387,209 in 2020 over 2019, an increase in net position of \$484,962 in 2019 over 2018, and a decrease in net position of \$251,455 in 2018 under 2017.

The Port Authority had total receipts of \$6,574,060 (excluding Interfund Transfers-In). Program specific receipts accounted for \$1,651,347, or 25%, of total receipts. General receipts accounted for \$4,922,713, or 75%, of total receipts. Program specific receipts for governmental activities are primarily 1) fees and charges for services, 2) rental and lease income, and 3) intergovernmental receipts consisting of grants from other governmental units that must be used to provide a specific service. These receipts represent respectively 26%, 54%, and 20% of total program specific receipts. General receipts for governmental activities are primarily 1) intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations, 2) proceeds from debt issued for refunding airport development revenue bonds, 3) other cash receipts of which 92% is reimbursement for disbursements made on behalf of other government agencies, and 4) earnings on investments, sale of assets, and passenger facility charges. These receipts represent respectively 37%, 42%, 21%, and >1% of total general receipts.

The Port Authority had total disbursements of \$7,601,766 (excluding Interfund Transfers-Out). Debt service represents 36% of total disbursements, of which 76% is comprised of refunding airport development revenue bonds. Capital outlay represents 30% of total disbursements and is comprised of real property acquisition, facility construction, capital improvement, and equipment replacement projects. Personal services represent 16% of total disbursements and is comprised of payroll and benefit related costs. Contractual services represent 10% of total disbursements and is comprised of costs of services, such as insurance, security, marketing, legal, and consulting, which are provided by contracted third-parties. Materials and Supplies represents 3% of total disbursements. Utilities of facilities represents 3% of total disbursements. All other disbursements represent >2% of total disbursements.

**Reporting the Port Authority as a Whole**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of all funds and departments that are not legally separate from the Port Authority. The Port Authority has no component units and or other organizations whose activities are required to be presented in the Port Authority's financial statements.

The *Statement of Net Position – Cash Basis* and the *Statement of Activities – Cash Basis* reflect how the Port Authority did financially during 2021, within the limitations of cash-basis of accounting.

The *Statement of Net Position – Cash Basis* presents cash balances and investments of the Port Authority at year-end. The *Statement of Activities – Cash Basis* compares cash disbursements with program specific receipts for each business-type activity. Program specific receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program specific receipts. The comparison of cash disbursements with program receipts identifies how each business-type activity draws from the Port Authority's general receipts. These statements report the Port Authority's cash position and the changes in cash position. Keeping in mind the limitations of the cash-basis of accounting, you may think of these changes as one way to measure the Port Authority's financial health.

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Over time, increases or decreases in the Port Authority's cash position is one indicator of whether the Port Authority's financial health is improving or deteriorating. When evaluating the Port Authority's financial condition, you should also consider other non-financial factors as well such as the Port Authority's reliance on non-local financial resources for operations such as subsidies from other governmental units, the condition of the Port Authority's capital assets and infrastructure, the extent of the Port Authority's debt obligations, and the need for growth in the major local revenue sources such as property taxes.

**Reporting the Port Authority Funds**

Fund financial statements provide detailed information about the Port Authority's funds – not the Port Authority as a whole. The Port Authority establishes separate funds to manage better its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Port Authority's fund structure comprises of three business-type proprietary funds (enterprise funds), the Port Authority Fund, the Aviation Fund, and the Economic Development Fund.

The Port Authority Fund accounts for financial resources that the Port Authority can expend at its discretion according to the general laws of Ohio (no restrictions). The Aviation Fund accounts for all financial resources of the Airport for which the use is restricted by the FAA and other regulatory agencies that limits such use to be only for the operation of the Airport and maintenance, acquisition, construction, and/or improvement of its facilities.

The Economic Development Fund accounts for all financial resources of the *Economic Development Division* that are expended for advancing economic development and from financial assistance grants for furthering the Port Authority's economic development initiatives.

**Port Authority as a Whole**

Table 1 provides a comparison of net position at December 31, 2021 and December 31, 2020 on a cash-basis of accounting.

**Table 1 - Statement of Net Position - Cash Basis**

	Port Authority Fund		Aviation Fund		Economic Development Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 886,002	\$ 852,618	\$ 85,502	\$ 60,126	\$ 1,149,345	\$ 2,042,646	\$ 2,120,849	\$ 2,955,390
Restricted Cash								
In Segregated Accounts								
With Fiscal Agents	-	-	-	193,165	-	-	-	193,165
<b>Total Assets</b>	<b>\$ 886,002</b>	<b>\$ 852,618</b>	<b>\$ 85,502</b>	<b>\$ 253,291</b>	<b>\$ 1,149,345</b>	<b>\$ 2,042,646</b>	<b>\$ 2,120,849</b>	<b>\$ 3,148,555</b>
<b>NET POSITION</b>								
Restricted:								
Capital Outlay	-	-	\$ 62,652	\$ 52,896	-	-	\$ 62,652	\$ 52,896
Debt Services	-	-	-	193,165	-	-	-	193,165
Other Purposes	-	-	5,775	5,475	-	-	5,775	5,475
Assigned:								
Airport Operations	-	-	17,075	1,755	-	-	17,075	1,755
ED Operations	-	-	-	-	1,149,345	2,042,646	1,149,345	2,042,646
Unrestricted	886,002	852,618	-	-	-	-	886,002	852,618
<b>Total Net Position</b>	<b>\$ 886,002</b>	<b>\$ 852,618</b>	<b>\$ 85,502</b>	<b>\$ 253,291</b>	<b>\$ 1,149,345</b>	<b>\$ 2,042,646</b>	<b>\$ 2,120,849</b>	<b>\$ 3,148,555</b>

Over time, net position can serve as a useful indicator of a government's financial position.

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The Port Authority's total unrestricted net position was \$2,052,422 at December 31, 2021 as compared to \$2,897,019 at December 31, 2020, a decrease of \$844,597, or 29%. This decrease portrays a slightly weaker cash position for the Port Authority at December 31, 2021 than at December 31, 2020 although the decrease was primarily due to the Port Authority continued investment in 1) Airport capital improvement projects that will facilitate attracting additional airlines, tenants, and users of the Airport, 2) facility acquisition and capital improvement projects that will increase rental/lease income in the future, and 3) catalyst projects in targeted nodes of redevelopment opportunities that, with our economic development partners, will further redevelopment in strategically identified commercial corridors.

The Port Authority's total net position was \$2,120,849 at December 31, 2021 as compared to \$3,148,555 at December 31, 2020, a decrease of \$1,027,706.

Table 2 provides a comparison of changes in net position for 2021 and 2020 on a cash-basis of accounting.

**Table 2 - Statement of Activities - Cash Basis**

	Port Authority		Aviation		Economic Development		Total	
	Fund	Fund	Fund	Fund	Fund	Fund	2021	2020
<b>Receipts</b>	2021	2020	2021	2020	2021	2020	2021	2020
<b>Program Receipts</b>								
Charges for Services	\$ 372,000	\$ 248,000	\$ 621,025	\$ 567,131	\$ 334,580	\$ 2,203,354	\$ 1,327,605	\$ 3,018,485
Operating Grants and Contributions	-	-	23,000	69,000	-	10,000	23,000	79,000
Capital Grants and Contributions	-	-	300,742	1,536,604	-	-	300,742	1,536,604
<b>Total Program Receipts</b>	<b>372,000</b>	<b>248,000</b>	<b>944,767</b>	<b>2,172,735</b>	<b>334,580</b>	<b>2,213,354</b>	<b>1,651,347</b>	<b>4,634,089</b>
<b>General Receipts</b>								
Grants & Entitlements not								
Restricted to specific programs	1,808,185	1,262,242	-	-	-	-	1,808,185	1,262,242
Investment Income	-	-	1,540	3,716	4,266	4,547	5,806	8,263
Proceed from Debt	-	100,000	2,050,000	-	-	-	2,050,000	100,000
Gain (Loss) on Sale of Capital Assets	-	-	800	300	-	3,041,960	800	3,042,260
All Other Revenues	1,423	3,388	59,614	47,799	996,885	424,737	1,057,922	475,924
Transfers In	-	-	1,155,000	1,135,000	300,000	100,000	1,455,000	1,235,000
<b>Total General Receipts</b>	<b>1,809,608</b>	<b>1,365,630</b>	<b>3,266,954</b>	<b>1,186,815</b>	<b>1,301,151</b>	<b>3,571,244</b>	<b>6,377,713</b>	<b>6,123,689</b>
<b>Total Receipts</b>	<b>2,181,608</b>	<b>1,613,630</b>	<b>4,211,721</b>	<b>3,359,550</b>	<b>1,635,731</b>	<b>5,784,598</b>	<b>8,029,060</b>	<b>10,757,778</b>
<b>Disbursements</b>								
Personal Services	167,681	144,801	625,449	585,744	396,600	329,265	1,189,730	1,059,810
Materials and Supplies	6,138	4,646	170,247	102,427	21,479	13,374	197,864	120,447
Contractual Services	63,459	48,858	293,964	492,662	382,200	485,070	739,623	1,026,590
Conferences and Travel	5,985	6,204	21,369	3,048	14,555	8,245	41,909	17,497
Utilities	1,050	750	191,418	164,483	11,965	5,175	204,433	170,408
Repair and Maintenance	-	-	48,082	35,855	127,318	26,038	175,400	61,893
Capital Outlay	423,500	-	324,031	1,468,777	1,514,053	2,662,747	2,261,584	4,131,524
Facility Leases	-	-	-	-	51,975	48,745	51,975	48,745
Debt Service	-	-	2,702,726	488,345	-	791,670	2,702,726	1,280,015
Other Cash Disbursements	25,411	25,101	2,224	3,197	8,887	27,060	36,522	55,358
Transfers Out	1,455,000	1,235,000	-	-	-	-	1,455,000	1,235,000
<b>Total Disbursements</b>	<b>2,148,224</b>	<b>1,465,360</b>	<b>4,379,510</b>	<b>3,344,538</b>	<b>2,529,032</b>	<b>4,397,389</b>	<b>9,056,766</b>	<b>9,207,287</b>
Increase/(Decrease) in Net Position	33,384	148,270	(167,789)	15,012	(893,301)	1,387,209	(1,027,706)	1,550,491
Net Position at January 1	852,618	704,348	253,291	238,279	2,042,646	655,437	3,148,555	1,598,064
Net Position at December 31	\$ 886,002	\$ 852,618	\$ 85,502	\$ 253,291	\$ 1,149,345	\$ 2,042,646	\$ 2,120,849	\$ 3,148,555

Program specific receipts represent 25% of total receipts (excluding Interfund Transfers-In) of which 80% is comprised of charges for services (fees and charges for services, and rental and lease income) and 20% is comprised of intergovernmental receipts consisting of restricted grants from other governmental units that must be used to provide a specific service.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
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General receipts represent 75% of total receipts (excluding Interfund Transfers-In) of which 42% is comprised of proceeds from debt issued for refunding debt, 37% is comprised of intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations, 20% is comprised of reimbursement by Mahoning County for Campus of Care operational costs, and 1% is comprised of, depository interest earnings, sale of assets, passenger facility charges collections, reimbursement of administrative costs received from capital grants, reimbursement of utility costs received from tenants, and other miscellaneous receipts.

The *Net Cost of Services* of \$5,950,419 represents total disbursements (excluding Interfund Transfers-Out) of \$7,601,766 less program specific receipts of \$1,651,347. The *Net Cost of Services* represents the costs of the services, which ends up being paid primarily from general receipts (subsidies provided by Mahoning and Trumbull Counties, investment earnings, proceeds from debt, sale of assets, passenger facility charges, reimbursement, and other miscellaneous receipts). Therefore, dependence upon general receipts is apparent as 65% of total disbursements (excluding Interfund Transfers-Out) were supported through general receipts. In addition, in 2021, the Port Authority's total net position decreased \$1,027,706, therefore, 14% of total disbursements (excluding Interfund Transfers-Out) were supported from fund balances available at January 1. An indicator of whether the Port Authority's financial health is improving or deteriorating is its reliance on fund balances available at January 1.

However, when evaluating financial health, one must also consider investment in capital assets. In 2021, the Port Authority invested \$2,261,584, or 30% of total disbursements for the acquisition and improvement of capital assets. This investment will increase rental and lease income in the future the result of which will improve the Port Authority's financial condition.

**Capital Assets and Debt Administration**

*Capital Assets* - The Port Authority does not currently maintain tracking of its capital assets and infrastructure although Management anticipates acquiring software to begin this performance in 2022. However, the Port Authority does maintain an *Airport Capital Improvement Plan* and a *10-Year Master Plan* that collectively are the primary planning tools for systematically identifying, prioritizing, and estimating costs for critical development and associated capital needs of the Airport. In addition, the *Airport Capital Improvement Plan* presents the Airport's warranted and eligible capital assets and infrastructure needs as identified by the Airport's Sponsors, State of Ohio Aviation Officials, and the Federal Aviation Administration (FAA) and is contained in the FAA's National Plan of Integrated Airport Systems. The *10-Year Master Plan* is available for viewing on the Port Authority's Website at [www.yngairport.com](http://www.yngairport.com).

*Debt Administration* - The Port Authority's outstanding debt at December 31, 2021 for capital projects is \$4,324,342, \$3,986,872 principal and \$337,470 interest, consisting of 1) \$283,791 of principal remaining for a 10-year Development Revenue Bond, 2.697%, issued in 2012 to provide financial resources for the construction of a 14-unit T-Hangar. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the T-Hangar; 2) \$672,088 of principal remaining for a 10-year Development Revenue Bond, 2.7884%, issued in 2012 to provide financial resources for the acquisition of an air cargo building. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the air cargo building; 3) \$203,088 of principal remaining for a 10-year Development Revenue Bond, 3.987%, issued in 2013 to provide financial resources for the construction of a wheeled-vehicle maintenance building. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the wheeled-vehicle maintenance building; 4) \$399,566 of principal remaining for a 10-year Development Revenue Bond, 2.815%, issued in 2014 to provide financial resources for the construction of a 14-unit T-Hangar. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the T-Hangar; 5) \$378,339 of principal remaining for a 10-year Development Revenue Bond, 2.955%, issued in 2014 to provide financial resources for the replacement of the Airport Terminal's electrical substation and stand-by generator. Amounts needed to service this debt, including interest and fiscal charges, will be derived from revenues (fees, charges, and rents) generated from the Terminal; and 6) \$2,050,000 of principal remaining



**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNT, OHIO  
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for a 10-year Development Revenue Refunding Bond, 2.25%, issued in 2021 to refund an Airport Development Revenue Bonds (Series 2011) which was issued to provide financial resources for the construction and/or improvement of Port Authority Airport facilities. Amounts needed to service this debt, including interest and fiscal charges, will be derived from Passenger Facility Charges (PFCs) that are assessed to each enplaning commercial airline passenger as approved by the Federal Aviation Administration and from Airport revenues (fees, charges, and rents) generated from facilities of which the construction and/or improvement thereof were financed by the proceeds of the original Airport Development Revenue Bonds (Series 2011).

The Port Authority's outstanding debt, principal only, at December 31, 2021 for conduit debt arrangements is \$64,370,724, consisting of \$1,597,000 as related to the Southern Park Mall Project, \$1,198,347 as related to the Pittsburgh Institute of Aeronautics Project, \$13,917,785 as related to the YSU Enclave Project, \$11,500,000 as related to the Stambaugh Hotel Project, \$9,891,604 as related to the Campus Lofts Project, \$4,181,929 as related to the Trailstar Manufacturing Warehouse Project, \$8,750,420 as related to the University Edge Phase III Project, \$3,333,639 as related to the South Park Square Project, and \$10,000,000 as related to the Briarfield Place Project. However, debt service obligations for all conduit debt arrangements are made directly from owners of these Projects to the trustees of such debt obligations and do not pass-through the Port Authority.

**Fund Budgeting**

The Port Authority's annual budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements, and encumbrances (budgetary basis of accounting). The budget presents the Port Authority's estimated resources and appropriations for its funds for the current year, and includes outstanding encumbrances appropriated from prior years.

Estimated resources in the budget include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. Estimated resources establish a limit on the amount the Board of Directors may appropriate. Estimated resources may be adjusted during the year if the Board of Directors projects increases or decreases in receipts.

Appropriations in the budget are the Port Authority's authorization to spend resources and set limits on expenditures plus encumbrances at the level of control selected by the Board of Directors. The legal level of control has been established by the Board of Directors at the function level for its funds. Any budgetary modifications at this level may only be made by resolution of the Board of Directors. The Board of Directors may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources.

**Contacting the Port Authority's Management**

This financial report is designed to provide our users, citizens, taxpayers, creditors, and all other interested parties with a general overview of the Port Authority's finances and to reflect the Port Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Anthony Trevena, Executive Director, Western Reserve Port Authority, Youngstown-Warren Regional Airport, 100 Federal Plaza East, Suite 422, Youngstown, Ohio, 44503.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
STATEMENT OF NET POSITION – CASH BASIS  
DECEMBER 31, 2021**

	<b>Port Authority</b>	<b>Aviation</b>	<b>Economic Development</b>	<b>Total Business- Type Activities</b>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$886,002	\$85,502	\$1,149,345	\$2,120,849
<b>Total Assets</b>	<b>\$886,002</b>	<b>\$85,502</b>	<b>\$1,149,345</b>	<b>\$2,120,849</b>
<b>Net Position</b>				
Restricted for:				
Capital Outlay	\$0	\$62,652	\$0	\$62,652
Other Purposes	0	5,775	0	5,775
Unrestricted	886,002	17,075	1,149,345	2,052,422
<b>Total Net Position</b>	<b>\$886,002</b>	<b>\$85,502</b>	<b>\$1,149,345</b>	<b>\$2,120,849</b>

See accompanying Notes to the Basic Financial Statements.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Cash Receipts</u>				<b>Net Receipts (Disbursements) and Changes in Net Position</b>
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<b>Business-Type Activities</b>					
Port Authority	\$693,224	\$372,000	\$0	\$0	\$(321,224)
Aviation	4,379,510	621,025	23,000	300,742	(3,434,743)
Economic Development	2,529,032	334,580	0	0	(2,194,452)
<b>Total Business-Type Activities</b>	<u>\$7,601,766</u>	<u>\$1,327,605</u>	<u>\$23,000</u>	<u>\$300,742</u>	<u>(5,950,419)</u>
			<b>General Receipts</b>		
			Grants and Entitlements not Restricted to Specific Programs		1,808,185
			Investment Earnings		5,806
			Sale of Assets		800
			Proceeds From Debt		2,050,000
			Passenger Facility Charges		4,978
			Miscellaneous Receipts		<u>1,052,944</u>
			Total General Receipts		<u>4,922,713</u>
			Changes in Net Position		(1,027,706)
			Net Position - January 1, 2021		<u>3,148,555</u>
			<b>Net Position - December 31, 2021</b>		<b><u><u>\$2,120,849</u></u></b>

See accompanying Notes to the Basic Financial Statements.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
STATEMENT OF FUND NET POSITION – CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2021**

	<b>Port Authority</b>	<b>Aviation</b>	<b>Economic Development</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$886,002	\$85,502	\$1,149,345	\$2,120,849
<b>Total Assets</b>	<b>\$886,002</b>	<b>\$85,502</b>	<b>\$1,149,345</b>	<b>\$2,120,849</b>
<b>Net Position</b>				
Restricted for:				
Capital Outlay	\$0	\$62,652	\$0	\$62,652
Other Purposes	0	5,775	0	5,775
Unrestricted	886,002	17,075	1,149,345	2,052,422
<b>Total Net Position</b>	<b>\$886,002</b>	<b>\$85,502</b>	<b>\$1,149,345</b>	<b>\$2,120,849</b>

See accompanying Notes to the Basic Financial Statements.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND NET POSITION – CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Port Authority	Aviation	Economic Development	Total78
<b>Operating Cash Receipts</b>				
Fees and Charges for Services	\$0	\$223,689	\$207,128	\$430,817
Rental/Lease Income	372,000	397,336	127,452	896,788
<b>Total Operating Cash Receipts</b>	<b>372,000</b>	<b>621,025</b>	<b>334,580</b>	<b>1,327,605</b>
<b>Operating Cash Disbursements</b>				
Personal Services	167,681	625,449	396,600	1,189,730
Materials and Supplies	6,138	170,247	21,479	197,864
Contractual Services	63,459	293,964	382,200	739,623
Conferences and Travel	5,985	21,369	14,555	41,909
Utilities	1,050	191,418	11,965	204,433
Repairs and Maintenance	0	48,082	127,318	175,400
Facility Lease	0	0	51,975	51,975
Capital Outlay	423,500	324,031	1,514,053	2,261,584
Debt Service	0	2,702,726	0	2,702,726
Other Cash Disbursements	25,411	2,224	8,887	36,522
<b>Total Operating Cash Disbursements</b>	<b>693,224</b>	<b>4,379,510</b>	<b>2,529,032</b>	<b>7,601,766</b>
Operating Income/(Loss)	(321,224)	(3,758,485)	(2,194,452)	(6,274,171)
<b>Non-Operating Cash Receipts</b>				
Intergovernmental Receipts	1,808,185	323,742	0	2,131,927
Earnings on Investments	0	1,540	4,266	5,806
Sale of Assets	0	800	0	800
Proceeds From Debt	0	2,050,000	0	2,050,000
Passenger Facility Charges	0	4,978	0	4,978
Other Cash Receipts	1,423	54,636	996,885	1,052,944
<b>Total Non-Operating Cash Receipts</b>	<b>1,809,608</b>	<b>2,435,696</b>	<b>1,001,151</b>	<b>5,246,455</b>
Transfers-In	0	1,155,000	300,000	1,455,000
Transfers-Out	(1,455,000)	0	0	(1,455,000)
Change in Net Position	33,384	(167,789)	(893,301)	1,027,706
Net Position - January 1, 2021	852,618	253,291	2,042,646	3,148,555
<b>Net Position - December 31, 2021</b>	<b>\$886,002</b>	<b>\$85,502</b>	<b>\$1,149,345</b>	<b>\$2,120,849</b>

See accompanying Notes to the Basic Financial Statements.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**NOTE 1 – DESCRIPTION OF THE WESTERN RESERVE PORT AUTHORITY AND REPORTING ENTITY**

Western Reserve Port Authority (the Port Authority) is a body corporate and politic created under the provisions of Revised Code Section 4582.202 and established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority operates under the direction of an appointed eight-member Board of Directors established under the provisions of Revised Code Section 4582.27. The Mahoning County and Trumbull County Boards of County Commissioners each appoint four Directors. The purpose of the Port Authority is to stimulate and support activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Mahoning and Trumbull Counties, or other activities authorized by Sections 13 and 16 of Article VIII, Ohio Constitution. An appointed Executive Director is responsible for overseeing the overall operation of the Port Authority. An appointed Director of Economic Development is responsible for the operation of the Port Authority's Economic Development Division. The Port Authority is also responsible for the safe and efficient operation and maintenance of the Youngstown-Warren Regional Airport (the Airport). An appointed Director of Aviation is responsible for the operation of the Port Authority's Aviation Division.

***Reporting Entity***

The Port Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 80, "Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14", GASB Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61", and GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32" regarding the definition of its financial reporting entity. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of all funds and departments that are not legally separate from the Port Authority.

Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization's governing board and 1) the Port Authority is able to significantly influence the programs or services performed or provided by the organization; 2) the Port Authority is legally entitled to or can otherwise access the organization's resources; 3) the Port Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or 4) the Port Authority is obligated for the debt of the organization. Component units may also include organizations for which the Port Authority approves the budget, the issuance of debt, or the levying of taxes. The Port Authority has no component units and or other organizations whose activities are required to be presented in the Port Authority's financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2(C), these financial statements are presented on a cash-basis of accounting. The cash-basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. Generally Accepted Accounting Principles (GAAP) include all relevant (GASB) pronouncements, which have been applied to the extent they are applicable to the cash-basis of accounting. Following are the more significant of the Port Authority's accounting policies.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**A. Basis of Presentation**

The Port Authority's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements providing a more detailed level of financial information.

**Government-Wide Financial Statements** The statement of net position and the statement of activities display information about the Port Authority as a whole. The government-wide statement of net position presents the cash balances of the business-type activities of the Port Authority at year-end.

The government-wide statement of activities presents a comparison between direct disbursements with program receipts for each function or program of the Port Authority's business-type activities. Direct disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or government function is self-financing on a cash basis or draws from the Port Authority's general receipts.

**Fund Financial Statements** During the year, the Port Authority segregates transactions related to certain Port Authority functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Port Authority at this more detailed level. The focus of proprietary fund financial statements is on major funds. The Port Authority maintains three funds; each is a major fund and is presented in a separate column.

Proprietary fund financial statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. All other receipts are reported as non-operating. Operating disbursements generally include costs of sales and services and administrative costs. All of the Port Authority's disbursements are reported as operating.

**B. Fund Accounting**

The Port Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Port Authority maintains three funds, all of which are classified as proprietary.

**Proprietary Funds** A fund financed primarily from user charges for goods or services is classified as proprietary. The following are the Port Authority's proprietary funds that are classified as enterprise funds:

**Port Authority Fund** The Port Authority Fund accounts for all financial resources except those required to be accounted for in another fund. This Fund's fund balance is available to the Port Authority for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Aviation Fund** The Aviation Fund accounts for all financial resources of the Port Authority's *Aviation Division* that operates the Youngstown-Warren Regional Airport. This Fund's receipts include fees and charges for services, rental and lease income, operating and capital improvement financial assistance grants, and proceeds from the sale of assets. These receipts are only to be expended for operation of the Airport and maintenance, acquisition, construction, and/or improvement of its facilities.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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***Economic Development Fund*** The Economic Development Fund accounts for all financial resources of the Port Authority's *Economic Development Division*. This Fund's receipts include administrative fees for administrating and/or financing economic development projects, contributions received from other governmental units and community organizations for advancing economic development, and from financial assistance grants for furthering the Port Authority's economic development initiatives.

***C. Basis of Accounting***

The Port Authority's financial statements are prepared using the cash-basis of accounting. Except for modifications having substantial support, receipts are recorded in the Port Authority's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded in the Port Authority's financial records and reported in the financial statements when cash is paid rather than when a liability is incurred. Any such modifications made by the Port Authority are described in the appropriate section in the notes.

As a result of the use of this cash-basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***D. Cash and Cash Equivalents***

To improve cash management, except proceeds from bond issuances, cash received by the Port Authority is pooled. Monies for all funds is maintained in this pool. Individual fund integrity is maintained through Port Authority records. Each fund's interest in this pool is valued at cost and is presented in the statement of net position as "equity in pooled cash and cash equivalents".

Cash received by the Port Authority from bond issuances is restricted to use and maintained in a segregated account or maintained with a fiscal agent in accounts in the name of the Port Authority.

All of the Port Authority's cash and cash equivalents are maintained in interest and non-interest-bearing checking accounts with the exception of \$450 of cash-on-hand. Interest earned from these accounts during 2021 amounted to \$5,806 of which \$1,540 was credited to the Aviation Fund and \$4,266 credited to the Economic Development Fund. Non-interest-bearing checking accounts are maintained due to regulations prohibiting the Port Authority from earning interest on available cash balances received from several of its federal financial assistance grants or clearing accounts established pursuant to debt covenants.

An analysis of the Port Authority's equity in cash and cash equivalents at December 31, 2021, is provided in Note 4.

***E. Prepaid Items***

On the cash-basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2021, are reported as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***F. Inventory***

On the cash-basis of accounting, inventories of fuel, oil, and supplies are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.



**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**G. Capital Assets**

On the cash-basis of accounting, acquisitions of property, plant, and equipment are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

**H. Long-Term Obligations**

On the cash-basis of accounting, proceeds from long-term debt are reported when cash is received, and the subsequent debt service principal and interest payments are reported when paid. These long-term debt obligations are not reflected as liabilities in the accompanying financial statements. In addition, on the cash-basis of accounting, payments for other long-term obligations such as capital leases are reported when paid. These long-term obligations are not reflected as liabilities in the accompanying financial statements.

**I. Accumulated Leave Time**

In certain circumstances, such as separation of employment or retirement, employees are entitled to cash payment for unused leave time. On the cash-basis of accounting, unpaid leave time is not reflected as a liability in the accompanying financial statements.

**J. Fund Balances**

Following the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the Port Authority divides fund balances into five classifications based primarily on the extent to which the Port Authority is bound to observe constraints imposed upon the use of the resources in its funds. Following are such classifications:

***Nonspendable*** A nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted in cash (such as inventory).

***Restricted*** A restricted fund balance includes amounts that can only be spent for specific purposes due to constraints that are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation.

***Committed*** A committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is "restricted" by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** An assigned fund balance includes amounts intended to be used for specific purposes but do not meet the criterion to be classified as restricted nor committed. In funds other than the Port Authority Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the Port Authority Fund, assigned amounts represent intended uses established by policies of the Board of Directors.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**Unassigned** fund balance is the residual classification for the Port Authority Fund and includes all spendable amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. In other funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which the amounts have been restricted, committed, or assigned. The deficit fund balance will be reported as a negative amount in the unassigned classification for that fund.

The Port Authority applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balances are available. Similarly, with unrestricted fund balance, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**K. Net Position Restrictions**

Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions, enabling legislation (adopted by the Port Authority), or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net position reports \$68,427 of net position restricted for business-type activities, of which \$79,453 is restricted by enabling legislation, as defined by GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", (\$31,081) is restricted by requirements of Federal Aviation Administration Airport Improvement Grants, \$14,280 is restricted by agreements with the Federal Aviation Administration permitting the collection and expending of Passenger Facility Charges, and \$5,775 is restricted by deposit agreements with current and prospective hangar tenants. The Port Authority first applies restricted resources when incurring an expense for which it may use either restricted or unrestricted resources.

**L. Interfund Activity**

Non-exchange flows of cash from one fund to another are reported in the financial statements as interfund transfers. The Port Authority may make interfund transfers from its Port Authority Fund to its other Funds to contribute financial resources to support the operations accounted for by those Funds. In 2021, the Port Authority transferred \$1,155,000 from the Port Authority Fund into the Aviation Fund and transferred \$300,000 from the Port Authority Fund into the Economic Development Fund. Interfund transfers are reflected as other financing sources/(uses) in the accompanying financial statements.

**M. Budgetary Process**

The Ohio Revised Code requires the Board of Directors to annually prepare a budget for the Port Authority. The Port Authority's annual budget, which is prepared on the budgetary basis of accounting, presents the Port Authority's estimated resources and appropriations for its funds for the current year, and includes outstanding encumbrances appropriated from prior years.

Estimated resources in the budget include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. Estimated resources establish a limit on the amount the Board of Directors may appropriate. Estimated resources may be adjusted during the year if the Board of Directors projects increases or decreases in receipts.

Appropriations in the budget are the Port Authority's authorization to spend resources and set limits on expenditures plus encumbrances at the level of control selected by the Board of Directors. The legal level of control has been established by the Board of Directors at the function level for its funds. Any budgetary modifications at this level may only be made by resolution of the Board of Directors.

**WESTERN RESERVE PORT AUTHORITY  
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The Board of Directors may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources.

***L. Accounting of Conduit Debt Activity***

As discussed in Notes 14 through 23, the Port Authority issued debt to provide financial resources for several projects that assisted ownership of such projects to establish and/or retain and improve/expand their local operations. Debt service payments required to satisfy all obligations are made directly from these companies to respective trustees.

Based on the criteria described in GASB Statement No. 91, "Conduit Debt Obligations", since these payments do not flow-through the Port Authority and since these payments do not have an effect on the fund balances/net position of the Port Authority, such debt service activity is not reflected in the financial statements.

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

***A. Implementation of New Accounting Pronouncements***

For 2021, the Port Authority implemented Government Accounting Standards Board (GASB) Statement No 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period".

GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period", requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest costs incurred before the end of construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for reporting. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for reporting period for both governmental activities and business type activities.

The implementation of GASB Statement No. 89 did not affect the presentation of the financial statements and did not have an effect on the fund balances/net position of the Port Authority as previously reported at December 31, 2020.

***B. Future Accounting Pronouncements***

In June 2017, the GASB issued Statement No. 87, "Leases", which better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 is required to be adopted for years beginning after June 15, 2021.

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In January 2020, the GASB issued Statement No. 92, "Omnibus 2020", which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: 1) the effective date of Statement No. 87, "Leases", and Implementation Guide No. 2019-3, "Leases", for interim financial reports; 2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; 3) the applicability of Statements No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68", and Amendments to Certain Provisions of GASB Statements 67 and 68", as amended, and No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", as amended, to reporting assets accumulated for postemployment benefits; 4) the applicability of certain requirements of Statement No. 84, "Fiduciary Activities", to postemployment benefit arrangements; 5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; 7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and 8) terminology used to refer to derivative instruments. GASB Statement No. 92 is required to be adopted for years beginning after June 15, 2021.

In June 2017, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates", which notes that some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: 1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; 2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; 3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; 4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; 5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; and 6) clarifying the definition of *reference rate*, as it is used in Statement 53, as amended. GASB Statement No. 93 is required to be adopted for years beginning after June 15, 2021.

In October 2021, the GASB issued Statement No. 98, "Annual Comprehensive Financial Report" which establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. GASB Statement No. 98 is required to be adopted for years beginning after December 15, 2021.

The Port Authority is currently evaluating the impact GASB Statements No. 87, No. 92, No. 93, and No. 98 will have on its financial statements when adopted during the Port Authority's 2022 fiscal year.

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**NOTE 4 – DEPOSITS AND INVESTMENTS**

***A. Legal Requirements – Classification of Deposits***

State statutes require the classification of deposits held by the Port Authority into three categories.

Active deposits are public deposits determined to be necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Port Authority treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of Port Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Port Authority's Board Secretary by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies held by the Port Authority may be deposited or invested in the following securities:

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

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7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and.
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

The Port Authority may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds and other obligations guaranteed by the United States;
2. Discount notes of the Federal National Mortgage Association;
3. Bonds of the State of Ohio; and
4. Bonds of any municipal corporation, village, county, township, or other political subdivision of the State of Ohio, as to which there is no default of principal, interest, or coupons.

***B. Legal Requirements – Investments***

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institution. Payment for investments may be made only upon delivery of the securities representing the investments to the Port Authority's Board Secretary or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

***C. Legal Requirements – Ohio Pooled Collateral System***

The Port Authority's deposits must be held in insured depositories approved by the State Board of Deposit or appropriate governing authority and generally must be fully collateralized. However, financial institutions that are part of the Ohio Pooled Collateral System may apply to the Treasurer of State to be approved for a reduced collateral floor, at a level as low as 50%. The Treasurer of State then conducts an analysis to determine if the financial institution is eligible for a reduced collateral floor. The financial institution will notify the Treasurer of State of each account holder's contractual collateral floor.

***D. Legal Requirements – Custodial Credit Risk***

Custodial credit risk for deposits exists when a government is unable to recover deposits or recover collateral securities that are in the possession of an outside party in the event of a failure of a depository financial institution.

Deposits of the Port Authority are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

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In Ohio, legal requirements for depositor-governments are met when uninsured deposits are collateralized in one of two methods. The Treasurer's Office administers the Ohio Pooled Collateral System (OPCS) that allows eligible financial institutions to pool collateral to secure Ohio's public deposits. The total market value of pledged securities is 102% of all uninsured public deposits or at a percentage determined by the Treasurer's rules. Another option is for the financial institutions outside of OPCS to pledge 105% of the uninsured public deposits. In both methods, a qualified trustee must hold the eligible securities in an account indicating the public depositor's security interest in the eligible securities. The Port Authority has not established specific policies for managing custodial credit risk exposure for deposits.

***E. Cash on Hand / Cash Held by Others***

At December 31, 2021, the Port Authority had \$450 of undeposited cash on hand and \$1,000 held by a third-party.

***F. Deposits with Financial Institutions***

At December 31, 2021, the carrying amount of the Port Authority's deposits was \$2,120,849 and the bank balance was \$2,469,647. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2021, all of the Port Authority's bank balance was covered by Federal Deposit Insurance or collateralized by a method approved by the State Treasurer's Office through the Ohio Pooled Collateral System.

***G. Investments***

The Port Authority did not maintain any investments in 2021.

***H. Reconciliation of Cash and Investments to the Statement of Net Position***

<u>Cash and Investments per Footnote</u>	
Undeposited Cash on Hand	\$450
Cash Held by Others	1,000
Carrying amount of deposits with financial institutions	<u>2,119,399</u>
Total	<u>\$2,120,849</u>
<u>Cash and Cash Equivalents Per Statement of Net Position</u>	
Business-Type Activities	<u>\$2,120,849</u>

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**NOTE 5 – LONG-TERM DEBT OBLIGATIONS**

Changes in the Port Authority's long-term debt obligations for the year ended December 31, 2021 follows:

	<b>Principal Balance 1/1/2021</b>	<b>Increase</b>	<b>Decrease</b>	<b>Principal Balance 12/31/2021</b>	<b>Due Within One Year</b>
Development Revenue Bonds (Series 2011)	\$2,385,000		\$0	\$2,385,000	\$0
Development Revenue Bond (Series 2012(A))	306,247		0	22,456	283,791
Development Revenue Bond (Series 2012(B))	723,136		0	51,048	672,088
Development Revenue Bond (Series 2013)	216,149		0	13,061	203,088
Development Revenue Bond (Series 2014(A))	425,260		0	25,694	399,566
Development Revenue Bond (Series 2014(B))	420,142		0	41,803	378,339
State of Ohio Section 166 Forgivable Loan	100,000		0	100,000	0
Development Revenue Refunding Bond (Series 2021)	0	2,050,000		0	2,050,000
<b>Total</b>			<b>\$2,639,062</b>	<b>\$3,986,872</b>	<b>\$1,223,583</b>

Additional information for these obligations is discussed in Notes 6 through 13.

**NOTE 6 – DEVELOPMENT REVENUE BONDS (SERIES 2011) – SPECIAL OBLIGATION**

In 2011, pursuant to a Cooperative Agreement, dated November 1, 2011, between the Port Authority, Mahoning County, and Trumbull County, the Port Authority issued \$3,610,000 in Development Revenue Bonds (Series 2011) (various rates from 2.125% to 4.625%, 20 years) to provide financial resources for the construction and/or improvement of Port Authority Airport facilities.

Of the amounts needed to service the debt on the Bonds, including interest and fiscal charges, approximately 55%, if available, will be derived from Passenger Facility Charges (PFCs) that are assessed to each enplaning commercial airline passenger as approved by the Federal Aviation Administration and approximately 45%, or the remaining amount if PFCs are not available, will be derived from Airport revenues (fees, charges, and rents) generated from facilities of which the construction and/or improvement thereof were financed by the proceeds of the Bonds. In the event of default by the Port Authority, Mahoning County and Trumbull County have agreed, severally not jointly, to satisfy current debt service requirements on the Bonds.

In November 2021, as discussed in Note 13, the Port Authority issued a \$2,050,000 Development Revenue Refunding Bond (Series 2021) to refund the Development Revenue Bonds. As a result, in 2021, payments totaling \$2,488,800 were made to satisfy fully all principal and interest requirements of the Bond.

**NOTE 7 – DEVELOPMENT REVENUE BOND (SERIES 2012(A)) – T-HANGAR CONSTRUCTION PROJECT**

In 2012, the Port Authority issued a \$470,000 Development Revenue Bond (Series 2012(A)) (2.697%, 20 years amortization, 10 years repayment plus balloon payment) to provide financial resources for the construction of a 14-unit T-Hangar. Amounts needed to service the debt on the Bond, including interest and fiscal charges, will be derived from rent generated from the T-Hangar.

In 2021, payments totaling \$30,506 were made to satisfy current principal and interest requirements of the Bond.



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Future debt service of principal and interest follow:

Year	Amount
2022	<u>\$289,358</u>

**NOTE 8 – DEVELOPMENT REVENUE BOND (SERIES 2012(B)) – AIR CARGO BUILDING ACQUISITION**

In 2012, the Port Authority issued a \$1,075,000 Development Revenue Bond (Series 2012(B)) (2.7884%, 20 years amortization, 10 years repayment plus balloon payment) to provide financial resources for the acquisition of an air cargo building. Amounts needed to service the debt on the Bond, including interest and fiscal charges, will be derived from rent generated from the air cargo building.

In 2021, payments totaling \$70,723 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2022	<u>\$691,609</u>

**NOTE 9 – DEVELOPMENT REVENUE BOND (SERIES 2013) – WHEELED-VEHICLE MAINTENANCE BUILDING CONSTRUCTION PROJECT**

In 2013, the Port Authority issued a \$300,000 Development Revenue Bond (Series 2013(A)) (3.987%, 20-year amortization, 10-year repayment plus balloon payment) to provide financial resources for the construction of a wheeled-vehicle maintenance building. Amounts needed to service the debt on the Bond, including interest and fiscal charges, will be derived from rent generated from the wheeled-vehicle maintenance building.

In 2021, payments totaling \$21,511 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2022	\$21,511
2023	<u>196,371</u>
Total	<u>\$217,882</u>

**NOTE 10 – DEVELOPMENT REVENUE BOND (SERIES 2014(A)) – T-HANGAR B CONSTRUCTION PROJECT**

In 2014, the Port Authority issued a \$570,000 Development Revenue Bond (Series 2014(A)) (2.815%, 20-year amortization, 10-year repayment plus balloon payment) to provide financial resources for the construction of a 14-unit T-Hangar. Amounts needed to service the debt on the Bond, including interest and fiscal charges, will be derived from rent generated from the T-Hangar.

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In 2021, payments totaling \$37,432 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2022	\$37,432
2023	37,432
2024	<u>353,277</u>
Total	<u>\$428,141</u>

**NOTE 11 – DEVELOPMENT REVENUE BOND (SERIES 2014(B)) – TERMINAL ENERGY IMPROVEMENT PROJECT**

In 2014, the Port Authority issued a \$650,000 Development Revenue Bond (Series 2014(B)) (2.955%, 15-year amortization, 10-year repayment plus balloon payment) to provide financial resources for the replacement of the Airport Terminal’s electrical substation and stand-by generator. Amounts needed to service the debt on the Bond, including interest and fiscal charges, will be derived from revenues (fees, charges, and rents) generated from the Terminal.

In 2021, payments totaling \$53,753 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2022	\$53,753
2023	53,753
2024	<u>298,524</u>
Total	<u>\$406,030</u>

**NOTE 12 – STATE OF OHIO SECTION 166 FORGIVABLE LOAN – YOUNGSTOWN AIR RESERVE STATION MAIN GATE RELOCATION PROJECT**

In 2020, the Port Authority obtained a \$100,000 (1.00% - 12-month) Forgivable Loan from the State of Ohio, through the Ohio Development Services Agency’s 166 Direct Loan Program, to provide financial resources to acquire real property (Property) located adjacent to the Youngstown Air Reserve Station (Reserve Station). Upon acquisition, the Port Authority will sell the Property to the U.S. Army Corps of Engineers (Army Corps). The Property will be the site of the Reserve Station’s Main Gate Relocation Project. If the acquisition is completed fully by October 1, 2021, the Loan shall be forgiven, and all obligations shall be deemed satisfied. Otherwise, \$101,000 must be repaid on October 1, 2021, to satisfy fully all principal and interest requirements of the Loan.

In August 2021, the Port Authority satisfied fully the conditions of forgiveness as set forth in the Loan Agreement and the State of Ohio forgave the Loan.

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**NOTE 13 – DEVELOPMENT REVENUE REFUNDING BONDS (SERIES 2021)**

In November 2021, the Port Authority issued a \$2,050,000 Development Revenue Refunding Bond (Series 2021) (2.25%, 10-year amortization) to refund the Development Revenue Bonds (Series 2011) discussed in Note 6. Amounts needed to service the debt on the Bond, including interest and fiscal charges, will be derived from Passenger Facility Charges (PFCs) that are assessed to each enplaning commercial airline passenger as approved by the Federal Aviation Administration and from Airport revenues (fees, charges, and rents) generated from facilities of which the construction and/or improvement thereof were financed by the proceeds of the original Development Revenue Bonds (Series 2011).

Future debt service of principal and interest follow:

Year	Amount
2021	\$229,132
2022	229,132
2023	229,132
2024	229,132
2025	229,132
2026 – 2031	<u>1,145,662</u>
Total	<u>\$2,291,322</u>

**NOTE 14 – CONDUIT DEBT OBLIGATIONS**

Changes in the Port Authority's Conduit Debt obligations for the year ended December 31, 2021 follows:

	Original / Maximum Issuance	Principal Balance 1/1/2021	Increase	Decrease	Principal Balance 12/31/2021
Southern Park Mall Bond (2015)	\$2,338,000	\$1,736,000	\$0	\$139,000	\$1,597,000
PIA Bond (2016)	1,521,000	1,263,439	0	65,092	1,198,347
YSU Enclave Bond (2016)	14,000,000	14,000,000	0	82,215	13,917,785
Stambaugh Hotel Bonds (2016)	11,500,000	11,500,000	0	0	11,500,000
Campus Lofts Bond (2019)	9,954,375	9,458,397	495,978	62,771	9,891,604
Trailstar Bond (2019)	4,720,000	4,587,827	0	405,898	4,181,929
University Edge Phase III Bond (2019)	8,765,276	8,765,276	0	14,856	8,750,420
South Park Square Bond (2020)	23,000,000	2,694,134	639,505	0	3,333,639
Briarfield Place Bond (2020)	10,000,000	2,701,475	7,298,525	0	10,000,000
<b>Total</b>		<b><u>\$56,706,548</u></b>	<b><u>\$8,434,008</u></b>	<b><u>\$769,832</u></b>	<b><u>\$64,370,724</u></b>

Additional information for these Conduit Debt obligations is discussed in Notes 15 through 23.

**NOTE 15 – CONDUIT DEBT OBLIGATION – SOUTHERN PARK MALL PROJECT**

In 2015, the Port Authority participated in the Southern Park Mall, LLC (SPM) Southern Park Mall Project (Project) by assisting SPM engage in energy efficiency improvements at the Southern Park Mall, including roof improvements, lighting system upgrades, and other energy related improvements.

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The Port Authority's involvement in the Project consisted of 1) creating an Ohio Energy Special Improvement District in the Township of the Project, and 2) issuing a \$2,338,000 Property Assessed Clean Energy Revenue Bond (Series 2015) (4.835% - 15 Years) to finance the Project. Special assessments assessed against SPM meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. In the event of default by SPM, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by future special assessments assessed against SPM.

In 2021, payments totaling \$221,268 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2022	221,474
2023	220,343
2024	220,897
2025	221,064
2026	220,845
2027 – 2030	<u>883,867</u>
Total	<u>\$1,988,490</u>

**NOTE 16 – CONDUIT DEBT OBLIGATION – PITTSBURGH INSTITUTE OF AERONAUTICS PROJECT**

In 2016, the Port Authority participated in the Pittsburgh Institute of Aeronautics (PIA) Project (Project) by assisting PIA construct an approximate 8,500 sq. ft. addition to its existing aviation technician training facility located at Youngstown-Warren Regional Airport. The Project consisted of the constructing and furnishing additional offices and classrooms at the facility. PIA owns the existing facility and maintains a ground lease with the Port Authority for land where the existing facility is situated and for land necessary for the Project.

The Port Authority's involvement in the Project consisted of 1) issuing a \$1,521,000 Development Revenue Bond (Series 2016(B)) (2.699% - 20 Years) to finance the Project, and 2) letting of a loan and finance agreement to PIA. Monthly payments by PIA meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. In the event of default by PIA, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2021, payments totaling \$98,851 were made to satisfy current principal and interest requirements of the Bond.

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Future debt service of principal and interest follow:

<b>Year</b>	<b>Amount</b>
2022	\$98,851
2023	98,851
2024	98,851
2025	98,851
2026	98,851
2027 – 2031	494,257
2032 – 2036	469,359
Total	<u>\$1,457,871</u>

**NOTE 17 – CONDUIT DEBT OBLIGATION – YSU ENCLAVE PROJECT**

In 2016, the Port Authority participated in the Youngstown Campus Associate, LLC (YCA) YSU Enclave Project (Project) by assisting YCA construct a retail and approximate 166-bed student housing facility located at Youngstown State University. The Project consisted of site acquisition, constructing, and furnishing of the facility.

The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with YCA to secure land necessary for the Project, 2) issuing a \$14,000,000 Development Revenue Bond (Series 2016(C)) (90-month repayment plus balloon payment, variable monthly interest rate at 30-day LIBOR plus 1.75%) to finance the Project, and 3) letting of a capital (facility) lease to YCA to construct the Project and operate such facility. The Bond and capital lease are co-terminus. In the event of default by YCA, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2021, payments totaling \$345,803 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal (only) follows:

<b>Year</b>	<b>Amount</b>
2022	\$207,066
2023	218,228
2024	228,169
2025	242,127
2026	255,346
2027 – 2029	<u>12,766,849</u>
Total	<u>\$13,917,785</u>

**NOTE 18 – CONDUIT DEBT OBLIGATION – STAMBAUGH HOTEL PROJECT**

In 2016, the Port Authority participated in the Youngstown Stambaugh Holdings, LLC (YSH) Stambaugh Hotel Project (Project) by assisting YSH improve and convert into a hotel facility the Stambaugh Building located in downtown Youngstown. The Project consisted of facility acquisition, improving, and furnishing the facility.

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The Port Authority's involvement in the Project consisted of 1) entering into a ground lease and a capital (facility) lease with YSH to secure facilities necessary for the Project, 2) issuing a \$7,500,000 Development Revenue Bond (Series 2016(D)) and a \$4,000,000 Development Revenue Bond (Series 2016(E)) to finance the Project, and 3) letting of a capital (facility) lease to YSH to construct the Project and operate such facility.

\$11,500,000 was drawn as of 12/31/21. Interest is accruing at 4.5% on outstanding principal amounts and is being paid monthly through capital lease payments. Payments totaling \$508,408 were made in 2021 to satisfy current interest requirements of the Bonds. An amortization schedule has not been set but once established, capital lease payments by YSH will meet amounts needed to service the debt, including interest and fiscal charges, on the Bonds. The Bonds and capital lease are co-terminus. In the event of default by YSH, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bonds. The Bonds are secured by the facility/assets constructed/acquired from the proceeds of the Bonds.

**NOTE 19 – CONDUIT DEBT OBLIGATION – CAMPUS LOFTS PROJECT**

In 2019, the Port Authority participated in the Campus Lofts, LLC (Campus Lofts) Campus Lofts Project (Project) by assisting Campus Lofts construct an approximate 190-bed student housing facility located at Youngstown State University. The Project consisted of site acquisition, constructing, and furnishing the facility.

The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with Campus Lofts to secure land necessary for the Project, 2) issuing a \$9,954,375 Development Lease Revenue Bond (Series 2019(A)) (3.5%, 25 years amortization, 10 years repayment plus balloon payment) to finance the Project, and 3) letting of a capital (facility) lease to Campus Lofts to construct the Project and operate such facility. The Bond and capital lease are co-terminus. In the event of default by Campus Lofts, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2021, payments totaling \$479,871 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

<b>Year</b>	<b>Amount</b>
2022	\$651,353
2023	601,248
2024	601,248
2025	601,248
2026	601,248
2027 – 2031	<u>9,791,209</u>
Total	<u>\$12,847,554</u>

**NOTE 20 – CONDUIT DEBT OBLIGATION – TRAILSTAR MANUFACTURING WAREHOUSE PROJECT**

In 2019, the Port Authority participated in the Trailstar Realty, LLC (Trailstar) Trailstar Manufacturing Warehouse Project (Project) by assisting Trailstar construct an approximate 66,300sf manufacturing warehouse facility by providing financial resources for constructing and furnishing the facility.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with Trailstar to secure land necessary for the Project, 2) issuing a \$4,720,000 Development Lease Revenue Bond (Series 2019(B)) (3.505% - 10 Years) to finance the Project, and 3) letting of a capital (facility) lease to Trailstar to construct the Project and operate such facility. The Bond and capital lease are co-terminus. Monthly payments by Trailstar meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. In the event of default by Trailstar, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2021, payments totaling \$560,222 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

<b>Year</b>	<b>Amount</b>
2022	\$560,222
2023	560,222
2024	560,222
2025	560,222
2025	560,222
2027 – 2030	<u>2,054,149</u>
Total	<u>\$4,855,259</u>

**NOTE 21 – CONDUIT DEBT OBLIGATION – UNIVERSITY EDGE PHASE III PROJECT**

In 2019, the Port Authority participated in the Hallmark Student Housing Youngstown, LLC (Hallmark) University Edge Phase III Project (Project) by assisting Hallmark construct an approximate 163-bed student housing facility located at Youngstown State University. The Project consisted of constructing, equipping, and furnishing the multi-phase facility (known as the University Edge).

The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with Hallmark to secure land necessary for the Project, 2) issuing a \$8,765,276 Development Lease Revenue Bond (Series 2019(C)) (3 years repayment plus balloon payment, variable monthly interest rate at 30-day LIBOR plus 2.5%) to finance the Project, and 3) letting of a capital (facility) lease to Hallmark to construct the Project and operate such facility. The Bond and capital lease are co-terminus. Monthly payments by Hallmark meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. In the event of default by Hallmark, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2021, payments totaling \$259,249 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal (only) follows:

<b>Year</b>	<b>Amount</b>
2022	\$179,110
2023	189,213
2024	<u>8,382,097</u>
Total	<u>\$8,750,420</u>

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**NOTE 22 – CONDUIT DEBT OBLIGATION – SOUTH PARK SQUARE PROJECT**

In 2020, the Port Authority participated in the Valley View Investors, LLC (Valley View) South Park Square Project (Project) by assisting Valley View construct an approximate 85,000sf retail strip center and an approximate 15,000sf retail outparcel by providing financial resources for site acquisition, constructing the multi-phase facility, and all related site improvements.

The Port Authority's involvement in the Project consists of 1) entering into a ground lease with Valley View to secure land necessary for the Project, 2) issuing a maximum \$23,000,000 Development Revenue Bond (Series 2020(A)) to finance the Project, and 3) letting of a capital (facility) lease to Valley View to construct the Project and operate such facility.

The Bond is being issued in increments, as a draw-down bond, similar to a traditional draw-down loan. \$3,333,639 was drawn as of 12/31/21. Interest is accruing at variable rates on outstanding principal amounts and is being paid monthly through capital lease payments. An amortization schedule will be set at the end of the construction period and capital lease payments by Valley View will meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. The Bond and capital lease are co-terminus. In the event of default by Valley View, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

**NOTE 23 – CONDUIT DEBT OBLIGATION – BRIARFIELD PLACE PROJECT**

In June 2020, the Port Authority participated in the McClurg Road Facility Realty, LLC (McClurg Road) Briarfield Place Project (Project) by assisting McClurg Road construct a 58-bed skilled nursing facility by providing financial resources for site acquisition, constructing, and furnishing the facility.

The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with McClurg Road to secure land necessary for the Project, 2) issuing a \$10,000,000 Development Revenue Bond (Series 2020(B)) to finance the Project, and 3) letting of a capital (facility) lease to McClurg Road to construct the Project and operate such facility.

\$10,000,000 was drawn as of 12/31/21. Interest is accruing at variable rates on outstanding principal amounts and is being paid monthly through capital lease payments. Payments totaling \$311,771 were made in 2021 to satisfy current interest requirements of the Bonds. An amortization schedule will be set at September 1, 2023 and capital lease payments by McClurg Road will meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. The Bond and capital lease are co-terminus. In the event of default by McClurg Road, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

**NOTE 24 – PENSION PLANS**

**Plan Description** Port Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The *Traditional Pension Plan* is a cost-sharing, multiple-employer defined benefit pension plan. The *Member-Directed Plan* is a defined contribution plan the *Combined Plan* is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., Port Authority employees) may elect the *Member-Directed Plan* and the *Combined Plan*, substantially all employee members are in the *Traditional Pension Plan*; therefore, the following disclosure focuses on the *Traditional Pension Plan*.



**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the *Traditional Pension Plan*. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the *Traditional Pension Plan* as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA.

For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**Funding Policy** The Ohio Revised Code provides statutory authority for Port Authority employee and employer contributions as follows:

**2021 Statutory Maximum Contribution Rates:**

Employer (Port Authority)	14.0%
Employee (Member)	10.0%

**2021 Actual Contribution Rates:**

Employer (Port Authority):	
Pension	14.0%
Post-Employment Health Care Benefits	<u>0.0%</u>
Total Employer (Port Authority) Contribution Rate	<u>14.0%</u>
Total Employee (Member) Contribution Rate	<u>10.0%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contributions to fund pension obligations for the years ending December 31, 2021, 2020, and 2019 were \$201,902, \$176,470, and \$178,777, respectively. In January 2022, the Port Authority made \$24,549 in contributions to satisfy fully its 2021 pension obligations.

**NOTE 25 – POSTRETIREMENT BENEFIT PLANS**

**Plan Description** OPERS maintains a cost-sharing, multiple employer defined benefit post-employment healthcare trust, which funds multiple health care plans including medical coverage, a prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying members of both the *Traditional Pension Plan* and the *Combined Plan*. This trust is also used to fund health care for *Member-Directed Plan* members, in the form of a Retiree Medical Account (RMA). At retirement or refund, *Member-Directed Plan* members may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

To qualify for post-employment health care coverage, age-and-service retirees under the *Traditional Pension Plan* and the *Combined Plan* must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefits and qualifying survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 75.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

**Funding Policy** The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable payroll of active members. In 2020, the Port Authority contributed at a rate of 14% of earnable payroll of active members. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not fund post-employment health care.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the *Traditional Pension Plan* and the *Combined Plan* was 1% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018, decreased to 0% for both the *Traditional Pension Plan* and the *Combined Plan*. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's required contribution for 2021 was \$0.

**NOTE 26 – CONTINGENT LIABILITIES**

***A. Pending Litigation***

The Port Authority is not a party to any legal proceedings.

***B. Grant Compliance***

The Port Authority receives assistance from federal agencies in the form of grants. The disbursement of funds received under these grant programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims, including amounts already received, resulting from such audits could become a liability of the Port Authority Fund or any other applicable Fund.

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Port Authority at December 31, 2021.

**NOTE 27 – RISK MANAGEMENT**

The Port Authority is exposed to various risks of loss to torts; thefts of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; cyber-attacks; and natural disaster. The Port Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles, environmental, and general airport liability. Vehicle policies include liability coverage for bodily injury and property damage. Real property and building contents are 90% coinsured.

The Port Authority has also obtained commercial insurance for its general liability risks, public officials' liability risks, employee practice liability risks, and cyber liability risks. The Port Authority provides health insurance, life insurance, dental, and vision coverage to full-time employees through a private carrier.

Workers' compensation is provided by the State of Ohio. The Port Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**NOTE 28 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The State of Ohio's emergency ended in June 2021 while the national state of emergency continues. Port Authority management is of the opinion that the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. However, such impact on the Port Authority's future operating costs, revenues, and any additional recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 29 – SIGNIFICANT SUBSEQUENT EVENTS**

Port Authority management is of the opinion that there are no significant subsequent events that will have a material effect, if any, on the overall financial position of the Port Authority.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Passenger Facility Charges Collected	4,978
Interest Earnings	<u>31</u>
<b>Total</b>	<u>5,009</u>
Passenger Facility Charges Expended	0
Increase in Unexpended Passenger Facility Charges	5,009
Unexpended Passenger Facility Charges - January 1, 2021	<u>9,271</u>
<b>Unexpended Passenger Facility Charges - December 31, 2021</b>	<u><u>\$ 14,280</u></u>

See accompanying Note to the Schedule of Passenger Facility Charges Collected and Expended

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE SCHEDULE OF PASSENGER FACILITY CHARGES  
COLLECTED AND EXPENDED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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The Aviation Safety and Capacity Expansion Act of 1990 and its implementing Regulation, 14 CFR Part 158, provide airports with the ability to obtain funds for improvement projects by assessing a \$1, \$2, \$3, \$4, or \$4.50 Passenger Facility Charge (PFC) for each enplaning commercial airline passenger (passenger). Each airport choosing to assess PFCs must make an application with the Federal Aviation Administration of the U.S. Department of Transportation (FAA) to obtain approval for the PFC amount that will be assessed each passenger and for the improvement projects that PFCs collected may be expended for. Upon such approval, commercial airlines are then required to collect PFCs from passengers and remit them to the assessing airport, net of allowable processing fees incurred by the commercial airlines.

The Western Reserve Port Authority (Port Authority), for its operation of the Youngstown-Warren Regional Airport (the Airport), has been granted FAA approvals for its Application #6 and Application #7, which allows the Airport to assess a PFC for each passenger at a rate of \$4.50 through January 1, 2033.

The accompanying Schedule of Passenger Facility Charges Collected and Expended (the Schedule) was prepared to comply with regulations issued by the FAA (14 CFR 158) to implement 49 U.S.C. 40117, as amended. Those Regulations define collection as the point when agents or other intermediaries remit PFCs to commercial airlines. However, the Schedule is presented on the cash basis of accounting. Under the cash basis of accounting, the Port Authority records PFCs as collected when received from an airline rather than when earned (assessed) and records PFCs as expended when cash is paid rather than when a liability is incurred.

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

Western Reserve Port Authority  
Trumbull County, Ohio  
100 East Federal Street, Suite 422  
Youngstown, Ohio 44503

To Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis financial statements of the business-type activities and each major fund of the Western Reserve Port Authority, Trumbull County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Western Reserve Port Authority, Ohio’s basic financial statements, and have issued our report thereon dated September 27, 2022, wherein we noted that the Western Reserve Port Authority, Ohio, uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Also, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Western Reserve Port Authority, Ohio’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Western Reserve Port Authority, Ohio’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Western Reserve Port Authority, Ohio’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Western Reserve Port Authority, Ohio’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Western Reserve Port Authority, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Western Reserve Port Authority, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Western Reserve Port Authority, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zupka & Associates  
Certified Public Accountants

September 27, 2022



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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
THE PASSENGER FACILITY CHARGE PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Western Reserve Port Authority  
Trumbull County, Ohio  
100 East Federal Street, Suite 422  
Youngstown, Ohio 44503

To Members of the Board of Directors:

**Report on Compliance**

***Opinion***

We have audited the Western Reserve Port Authority (the Authority), Trumbull County, Ohio's compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on its Passenger Facility Charge Program for the year ended December 31, 2021.

In our opinion, the Western Reserve Port Authority complied, in all material respects, with the types of compliance requirements referred to above that are applicable to its Passenger Facility Charge Program for the year ended December 31, 2021.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibility under those standards and the Guide are further described in the Auditor's Responsibilities for Audit of Compliance section of this report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Passenger Facility Charge Program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge Program.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express our opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Passenger Facility Charge Audit Guide for Public Agencies* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the Passenger Facility Charge Program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Passenger Facility Charge Program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirements of the Passenger Facility Charge Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Passenger Facility Charge Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.



Zupka & Associates  
Certified Public Accountants

September 27, 2022

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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The prior audit report, as of December 31, 2020, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit report.

# OHIO AUDITOR OF STATE KEITH FABER



**WESTERN RESERVE PORT AUTHORITY**

**TRUMBULL COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/10/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)