



**Auditor of State  
Betty Montgomery**



**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2003 .....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - Enterprise Funds For the Year Ended December 31, 2003 .....	4
Notes to the Financial Statements .....	5
Schedule of Federal Awards Expenditures For the Year Ended December 31, 2003 .....	10
Notes to Schedule of Federal Awards Expenditures.....	11
Schedule of Passenger Facility Charge Collections, Uses and Balances For the Year Ended December 31, 2003 .....	12
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	15
Independent Accountants' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance .....	17
Schedule of Findings.....	19

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Western Reserve Port Authority  
Trumbull County  
1453 Youngstown-Kingsville Road NE  
Vienna, Ohio 44473

To the Board of Directors:

We have audited the accompanying financial statements of Western Reserve Port Authority, Trumbull County, as of and for the year ended December 31, 2003. These financial statements are the responsibility of Western Reserve Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Western Reserve Port Authority, as of December 31, 2003, and its combined cash receipts and cash disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2004 on our consideration of Western Reserve Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Western Reserve Port Authority, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying Schedule of Passenger Facility Charge Collections, Uses and Balances is also presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503  
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Western Reserve Port Authority  
Trumbull County  
Independent Accountants' Report  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 15, 2004

WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental Receipts	\$360,000	\$819,511	\$1,179,511
Charges for Services	132,233		132,233
Fees	321,787		321,787
Earnings on Investments	3,079	778	3,857
Miscellaneous	163,895		163,895
<b>Total Cash Receipts</b>	<u>980,994</u>	<u>820,289</u>	<u>1,801,283</u>
<b>Cash Disbursements:</b>			
Personal Services	440,696		440,696
Materials and Supplies	18,978		18,978
Contractual Services	314,779	70,048	384,827
Travel	3,054		3,054
Basic Utility Services	213,395		213,395
Repairs and Maintenance	102,147		102,147
Capital Outlay	2,500	743,686	746,186
Miscellaneous	5,021		5,021
<b>Total Cash Disbursements</b>	<u>1,100,570</u>	<u>813,734</u>	<u>1,914,304</u>
Total Receipts Over/(Under) Disbursements	<u>(119,576)</u>	<u>6,555</u>	<u>(113,021)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		57,274	57,274
Transfers-Out	(55,912)	(1,362)	(57,274)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(55,912)</u>	<u>55,912</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(175,488)	62,467	(113,021)
Fund Cash Balances, January 1	233,382	68,057	301,439
<b>Fund Cash Balances, December 31</b>	<u><u>\$57,894</u></u>	<u><u>\$130,524</u></u>	<u><u>\$188,418</u></u>
Reserves for Encumbrances, December 31	<u><u>\$39,886</u></u>	<u><u>\$0</u></u>	<u><u>\$39,886</u></u>

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

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	\$1,525,812
<b>Non-Operating Cash Disbursements:</b>	
Capital Lease Payments	1,525,812
Net Receipts Over/(Under) Disbursements	_____
Fund Cash Balances, January 1	13,941
<b>Fund Cash Balances, December 31</b>	<b>\$13,941</b>

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

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the 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 Port Authority is responsible for the safe and efficient operation and maintenance of the Youngstown-Warren Regional Airport. An appointed director of aviation is responsible for the operation of the Airport. The Board contracted with the Office of the Mahoning County Auditor to provide fiscal controls over the resources of the funds described below beginning in 2000. However, the Port Authority is ultimately responsible over all fiscal matters of the Youngstown-Warren Regional Airport.

The Port Authority's management believes these financial statements present all of the funds and activities for which the Port Authority is financially accountable.

**B. Basis of Accounting**

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

The Port Authority's financial statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

The Port Authority uses fund accounting to segregate cash and investments that are restricted as to use. The Port Authority classifies its funds into the following types:

**Governmental Fund Types**

**General Fund**

The General Fund is the general operating fund of the Port Authority. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Special Revenue Funds**

These funds are utilized to account for proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes. The Port Authority established these funds to account for the financial activity of the Port Authority's Airport Improvement Program Federal Assistance Grants. These Funds' receipts are received from the Federal Aviation Administration, the State of Ohio, and local moneys representing matching requirements. These proceeds are only to be utilized for construction and/or improvement of Port Authority facilities.

**Proprietary Fund Type**

**Enterprise Funds**

These Funds are utilized to account for the activity of the Timken Latrobe Steel Distribution Project and the Delphi Automotive Systems as described in Notes 5 and 6.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Revised Code requires the Port Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisition of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the financial statements.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Accumulated Unpaid Vacation and Sick Pay**

The Port Authority full-time employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Port Authority.

**H. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Port Authority cash and investments are maintained by Mahoning County. The Ohio Revised Code prescribes allowable deposits and investments and Mahoning County is responsible for such compliance. The carrying amount of the Port Authority's share of Mahoning County's cash and investments pool at December 31, 2003 was \$202,359. As of December 31, 2003, Mahoning County had insured or collateralized its deposits in accordance with State statutes.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2003 follows:

Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budget Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 1,064,526	\$980,994	\$ (83,532)
Special Revenue	877,563	877,563	0
Total	\$ 1,942,089	\$1,858,557	\$(83,532)

Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,289,855	\$1,196,368	\$93,487
Special Revenue	815,096	815,096	0
Total	\$2,104,951	\$2,011,464	\$93,487

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)**

**5. TIMKEN LATROBE STEEL DISTRIBUTION PROJECT - CAPITAL LEASE OBLIGATION**

The Port Authority participated with the State of Ohio, through the Director of the Ohio Department of Development (Director), in the Timken Latrobe Steel Distribution (Timken) Project (Project) that consisted of assisting Timken retain its operations in the Mahoning Valley by providing financial resources to Timken to acquire a site, construct a building, and equip and furnish the same.

The Port Authority's involvement in the Project consisted of obtaining a \$150,000 Development Grant from the Ohio Department of Development (ODOD). The Director obtained \$6,185,000 in State Economic Development Revenue Bonds (8.64% - 20 years) through the Ohio Enterprise Bond Fund, and obtained a \$3,000,000 Loan (2% - 20 Years) from ODOD's 166 Direct Loan Program. The Port Authority passed through the proceeds of the Grant to the Director who administered the Project and retained ownership of the land, improvements, facilities, and equipment.

The Director let a 20-year capital lease to the Port Authority for the land, improvements, facilities, and equipment. Quarterly lease payments by the Port Authority meet the amounts needed to service the debt, including interest and fiscal charges, on the Bonds and the Loan. The Port Authority subleased the same to Timken who will make monthly lease payments meeting the amounts of the Port Authority's lease requirements. In the event of default by Timken, the Port Authority shall not have any liability under or in respect to its performances of the lease agreement. At such time, the Director will terminate the lease agreement and exclude the Port Authority from possession of the Project.

Future lease payments paid by Timken to the Port Authority, and subsequently paid by the Port Authority to the Director, follow:

<b>Year</b>	<b>Amount</b>
2004	867,890
2005	865,994
2006	866,446
2007	868,550
2008	868,878
2009 - 2020	<u>10,027,068</u>
Total	<u>\$14,364,826</u>

**6. DELPHI AUTOMOTIVE SYSTEMS PROJECT - CAPITAL LEASE OBLIGATION**

The Port Authority participated with the State of Ohio, through the Director of Development (Director), in the Delphi Automotive Systems (Delphi) Project (Project) that consisted of assisting Delphi retain its operations in the Mahoning Valley by providing financial resources to Delphi to acquire a site, construct a building, and equip and furnish the same.

The Port Authority's involvement in the Project consisted of obtaining a \$250,000 Development Grant from the Ohio Department of Development (ODOD). The Director of the Ohio Department of Development obtained \$22,480,174 in State Economic Development Revenue Bonds (10 year bonds, interest is calculated using a variable rate determined by using the Key Bank base rate or the Derived LIBO Rate during the interest period) through the Ohio Enterprise Bond Fund, and obtained a \$5,000,000 Loan (3% - 10 Years) from ODOD's 166 Direct Loan Program. The Port Authority passed through the proceeds of the Grant to the Director who administered the Project and retained ownership of the land, improvements, facilities, and equipment.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)**

**6. DELPHI AUTOMOTIVE SYSTEMS PROJECT - CAPITAL LEASE OBLIGATION –(Continued)**

The Director let a 10-year capital lease to the Port Authority for the land, improvements, facilities, and equipment. Quarterly lease payments by the Port Authority meet the amounts needed to service the debt, including interest and fiscal charges, on the Bonds and the Loan. The Port Authority subleased the same to Delphi who will make monthly lease payments meeting the amounts of the Port Authority's lease requirements. In the event of default by Delphi, the Port Authority shall not have any liability under or in respect of its performances of the lease agreement. At such time, the Director will terminate the lease agreement and exclude the Port Authority from possession of the Project.

Future lease payments paid by Delphi to the Port Authority, and subsequently paid by the Port Authority to the Director, are determined monthly by the financial institution owning the bonds using a derived LIBO Rate; therefore, a schedule of lease payments to maturity is not prepared. Lease payments commenced during 2003, the average monthly payment during 2003 was \$54,926 totaling \$659,117 for the year.

**7. RETIREMENT SYSTEMS**

Port Authority employees are members of the Public Employees Retirement System of Ohio (PERS) which is a state operated, cost sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides post retirement health care, and survivor and disability benefits to vested employees as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For the period January 1, 2003 through December 31, 2003, PERS members contributed 8.5% of their gross salaries. The Port Authority contributed an amount equal to 13.55% of the members gross salaries. The Port Authority has paid PERS for all contributions required through December 31, 2003.

**8. RISK MANAGEMENT**

The Port Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles 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 and its public officials' liability risks. The Authority also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**9. COMMERCIAL AIR SERVICE**

In April of 2004 Vacation Express began commercial flights from the airport. On September 7, 2004 this service was suspended. At this point in time, this does not have an effect on the Port Authority's ability to meet its obligations.

WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity/Grant Number	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF TRANSPORTATION/</u></b>				
<b><u>Federal Aviation Administration:</u></b>				
Airport Improvement Program	3-39-0096-2399	20.106	\$6,662	
	3-39-0096-2400		8,590	
	3-39-0096-2501		277,239	\$277,239
	3-39-0096-2702		503,190	481,619
	3-39-0096-2803		23,830	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b><u>\$819,511</u></b>	<b><u>\$758,858</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2003**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Port Authority's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B-- MATCHING REQUIREMENTS**

Certain federal programs require that the Port Authority contribute non-federal funds (matching funds) to support the federally-funded programs. The Port Authority has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY

SCHEDULE OF PASSENGER FACILITY CHARGES  
FOR THE YEAR ENDED DECEMBER 31, 2003

Passenger Facility Charge Revenues	<u>\$ 778</u>
Passenger Facility Charge Expenditures	<u>          </u>
Excess of Revenues Over Expenditures	<u>778</u>
Balance January 1, 2003	<u>36,163</u>
Balance December 31, 2003	<u><u>\$ 36,941</u></u>



## **Auditor of State Betty Montgomery**

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

Western Reserve Port Authority  
Trumbull County  
1453 Youngstown-Kingsville Road NE  
Vienna, Ohio 44473

To the Board of Directors:

We have audited the financial statements of Western Reserve Port Authority, Trumbull County, as of and for the year ended December 31, 2003 and have issued our report thereon dated September 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether Western Reserve Port Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance that we have reported to management of Western Reserve Port Authority in a separate letter dated September 15, 2004.

#### **Internal Control Over Financial Reporting**

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

Western Reserve Port Authority  
Trumbull County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, Board of Directors, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 15, 2004.



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Western Reserve Port Authority  
Trumbull County  
1453 Youngstown-Kingsville Road N.E.  
Vienna, Ohio 44473

To the Board of Directors:

#### Compliance

We have audited the compliance of Western Reserve Port Authority, Trumbull County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. Western Reserve Port Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Western Reserve Port Authority's management. Our responsibility is to express an opinion on Western Reserve Port Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Western Reserve Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Western Reserve Port Authority's compliance with those requirements.

In our opinion, Western Reserve Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

#### Internal Control Over Compliance

The management of Western Reserve Port Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Western Reserve Port Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503  
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 15, 2004



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL COMPLIANCE

Western Reserve Port Authority  
Trumbull County  
1453 Youngstown-Kingsville Road NE  
Vienna, Ohio 44473

To the Board of Directors:

#### Compliance

We have audited the compliance of Western Reserve Port Authority, Trumbull County, with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2003. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Western Reserve Port Authority's management. Our responsibility is to express an opinion on Western Reserve Port Authority's compliance based on our audit.

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. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program. An audit includes examining, on a test basis, evidence about Western Reserve Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Western Reserve Port Authority's compliance with those requirements.

In our opinion, Western Reserve Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2003.

#### Internal Control Over Compliance

The management of Western Reserve Port Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to its passenger facility charge program. In planning and performing our audit, we considered Western Reserve Port Authority's internal control over compliance with requirements that could have a direct and material effect on its passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Directors, and Federal Aviation Administration, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 15, 2004

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 ' .505**

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY  
DECEMBER 31, 2003**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs= Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under ' .510?	No
<i>(d)(1)(vii)</i>	Major Programs:	Airport Improvement Program - CFDA #20.106
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	None
----------------	------

**3. FINDINGS FOR FEDERAL AWARDS**

Finding Number	None
----------------	------





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 21, 2004**