

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

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of Western Reserve Port Authority, Trumbull County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2020 through December 31, 2020. 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. 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

August 13, 2021

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**WESTERN RESERVE PORT AUTHORITY  
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# **JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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(216) 475 – 6136

Ohio Society of Certified Public Accountants

## **INDEPENDENT AUDITOR’S REPORT**

Board of Directors  
Western Reserve Port Authority

The Honorable Keith Faber  
Auditor of State  
State of Ohio

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

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 (Port Authority), as of and for the year ended December 31, 2020, 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.

#### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the 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.

#### ***Auditor’s Responsibility***

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Western Reserve Port Authority, Ohio’s preparation and fair presentation of the financial statements 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 Western Reserve Port Authority, Ohio’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

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, 2020, and the respective changes in the cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 2.

## ***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Emphasis of Matter**

As discussed in Note 30 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Port Authority. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Western Reserve Port Authority, Ohio's basic financial statements. The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 Expenditures of Federal Awards and the Schedule of Passenger Facility Charges Collected and Expended provide additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Schedule of Passenger Facility Charges Collected and Expended are management's responsibility and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. We also applied 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 Expenditures of Federal Awards and the Schedule of Passenger Facility Charges Collected and Expended are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### *Other Information*

We applied no procedures to the Management's Discussion and Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the Western Reserve Port Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control 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 Western Reserve Port Authority, Ohio's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 28, 2021

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(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, 2020, 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.

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**Financial Highlights**

Key financial highlights for 2020 are as follows:

Net position of business-type activities at December 31, 2020 increased \$1,550,491, or 97%, from December 31, 2019. This significant increase was primarily the result of:

- 1) the Port Authority Fund realizing in 2020 an increase in net position of \$148,270, or 21%, from 2019 due primarily to (A) an increase of \$248,000 in rental and lease income in 2020 over 2019 (due to acquiring a facility in 2020 and leasing the same), (B) an increase of \$100,000 in proceeds from debt in 2020 over 2019 (due to receiving a loan in 2020 needed to acquire real property in early 2021), and (C) a decrease of \$31,894 in contractual services disbursements in 2020 under 2019 (due to a decrease in marketing, legal, and consulting services provided by contracted third-parties), all of which was offset by (D) a decrease of \$377,409 in lodging tax receipts from Mahoning and Trumbull Counties in 2020 under 2019 (due to COVID-19 Pandemic's negative impact on lodging activity). Note that the Port Authority Fund realized an increase in net position of \$135,612 in 2019 over 2018, an increase in net position of \$170,094 in 2018 over 2017, and an increase in net position of \$118,904 in 2017 over 2016;
- 2) the Aviation Fund realizing in 2020 an increase in net position of \$15,012, or 6%, from 2019 due primarily to two significant events: 1) an increase of \$1,015,211 in intergovernmental receipts in 2020 over 2019 (due primarily to an increase of \$947,801 in FAA Airport Improvement Program Federal Assistance Grants (AIP) in 2020 over 2019) which resulted in (A) an increase of \$917,189 in capital outlay disbursements funded by AIP in 2020 over 2019 and B) an increase of \$74,715 in contractual service disbursements (primarily engineering services) funded by AIP in 2020 over 2019. 2) COVID-19 Pandemic's negative impact on the aviation industry which resulted primarily in A) a decrease of \$69,475 in fees and charges for service receipts (landing fees, fuel flowage, and other aviation activity concessions) in 2020 under 2019 and B) a decrease of \$42,446 in rental and lease income in 2020 under 2019 all of which was offset by (C) an increase of \$206,000 in interfund transfers-in from the Port Authority Fund in 2020 over 2019 and (D) an approximate 4% decrease for all other disbursements collectively in 2020 under 2019 due primarily to the temporary reduction of Airport activity caused by the uncertainty of COVID-19 Pandemic. Note that the Aviation Fund realized a decrease in net position of \$128,012 in 2019 under 2018, a decrease in net position of \$199,614 in 2018 under 2017, and a decrease in net position of \$114,369 in 2017 under 2016; and
- 3) the Economic Development Fund realizing in 2020 an increase in net position of \$1,387,209, or 212%, from 2019 due primarily to (A) an increase of \$1,264,350 in fees and charges for services receipts in 2020 over 2019 (due to an increase in the number and monetary size of capital lease projects), (B) an increase of \$3,041,960 in sale of assets in 2020 over 2019 (due to the \$1,900,000 sale of a facility and the \$1,141,960 sale of a facility in 2020), and (C) an increase in other cash receipts of \$413,306 in 2020 over 2020 (of which \$375,984 is reimbursement for disbursements made on behalf of other government agencies), all of which was offset by (D) an increase of \$236,138 in contractual service disbursements in 2020 over 2019 (primarily due to an increase in legal fees expended for capital lease projects), (E) an increase of \$2,132,324 in capital outlay disbursements in 2020 over 2019 (due to the \$1,141,960 acquisition of a facility and an \$990,364 increase in costs of construction and rehabilitation projects in 2020 over 2019), (F) an increase of \$757,624 in debt service disbursements in 2020 over 2019 (due to the pay-off of a note associated in the sale of a facility in 2020), and (G) a decrease of \$200,000 in interfund transfers-in from the Port Authority Fund in 2020 under 2019. Note that the Economic Development Fund realized an increase in net position of \$484,962 in 2019 over 2018, a decrease in net position of \$251,455 in 2018 under 2017 and a decrease in net position of \$1,253 in 2017 under 2016.

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The Port Authority had total receipts of \$9,522,778 (excluding Interfund Transfers-In). Program specific receipts accounted for \$4,634,089, or 49%, of total receipts. General receipts accounted for \$4,888,689, or 51%, 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 50%, 15%, and 35% 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) sale of assets, 3) proceeds from debt issued for acquisition of real property, and 4) other cash receipts of which 89% is reimbursement for disbursements made on behalf of other government agencies. These receipts represent respectively 26%, 62%, 2%, and 10% of total general receipts.

The Port Authority had total disbursements of \$7,972,287 (excluding Interfund Transfers-Out). Capital outlay (real property acquisition, facility construction, capital improvement, and equipment replacement projects) represents 52% of total disbursements of which 35% is funded by Airport Improvement Program Federal Assistance Grants. Personal services represent 13% of total disbursements and is comprised of payroll and benefit related costs. Contractual services represent 13% of total disbursements of which 1) 73% is comprised of costs of services, such as insurance, security, marketing, legal, and consulting, that are provided by contracted third-parties and 2) 27% is comprised of engineering costs funded by Airport Improvement Program Federal Assistance Grants. Debt service represents 16% of total disbursements. Materials and Supplies represents 2% of total disbursements. Utilities of facilities represents 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 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 2020, 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.

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.

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**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, 2020 and December 31, 2019 on a cash-basis of accounting.

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

	Port Authority Fund		Aviation Fund		Economic Development Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 852,618	\$ 704,348	\$ 60,126	\$ 45,819	\$ 2,042,646	\$ 655,437	\$ 2,955,390	\$ 1,405,604
Restricted Cash								
In Segregated Accounts								
With Fiscal Agents	-	-	193,165	195,460	-	-	193,165	195,460
<b>Total Assets</b>	<b>\$ 852,618</b>	<b>\$ 704,348</b>	<b>\$ 253,291</b>	<b>\$ 241,279</b>	<b>\$ 2,042,646</b>	<b>\$ 655,437</b>	<b>\$ 3,148,555</b>	<b>\$ 1,601,064</b>
<b>NET POSITION</b>								
Restricted:								
Capital Outlay	-	-	\$ 52,896	\$ 38,412	-	-	\$ 52,896	\$ 38,412
Debt Services	-	-	193,165	192,460	-	-	193,165	192,460
Other Purposes	-	-	5,475	5,275	-	-	5,475	5,275
Unrestricted	852,618	704,348	1,755	2,132	2,042,646	655,437	2,897,019	1,361,917
<b>Total Net Position</b>	<b>\$ 852,618</b>	<b>\$ 704,348</b>	<b>\$ 253,291</b>	<b>\$ 238,279</b>	<b>\$ 2,042,646</b>	<b>\$ 655,437</b>	<b>\$ 3,148,555</b>	<b>\$ 1,598,064</b>

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

The Port Authority's total unrestricted net position was \$2,897,019 at December 31, 2020 as compared to \$1,361,917 at December 31, 2019, an increase of \$1,535,102, or 113%. This increase portrays a significant stronger cash position for the Port Authority at December 31, 2020 than at December 31, 2019. In addition, the Port Authority continued its 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 \$3,148,555 at December 31, 2020 as compared to \$1,598,064 at December 31, 2019, an increase of \$1,550,491.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 2 provides a comparison of changes in net position for 2020 and 2019 on a cash-basis of accounting.

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

	Port Authority Fund		Aviation Fund		Economic Development Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Receipts</b>								
Program Receipts								
Charges for Services	\$ 248,000	\$ -	\$ 567,131	\$ 679,052	\$ 2,203,354	\$ 939,004	\$ 3,018,485	\$ 1,618,056
Operating Grants and Contributions	-	-	69,000	1,590	10,000	-	79,000	1,590
Capital Grants and Contributions	-	-	1,536,604	588,803	-	-	1,536,604	588,803
Total Program Receipts	248,000	-	2,172,735	1,269,445	2,213,354	939,004	4,634,089	2,208,449
General Receipts								
Grants & Entitlements not								
Restricted to specific programs	1,262,242	1,639,651	-	-	-	-	1,262,242	1,639,651
Investment Income	-	-	3,716	16,989	4,547	11,209	8,263	28,198
Proceed from Debt	100,000	-	-	-	-	476,776	100,000	476,776
Gain (Loss) on Sale of Capital Assets	-	-	300	2,200	3,041,960	-	3,042,260	2,200
All Other Revenues	3,388	1,259	47,799	83,007	424,737	11,431	475,924	95,697
Transfers In	-	-	1,135,000	929,000	100,000	300,000	1,235,000	1,229,000
Total General Receipts	1,365,630	1,640,910	1,186,815	1,031,196	3,571,244	799,416	6,123,689	3,471,522
<b>Total Receipts</b>	<b>1,613,630</b>	<b>1,640,910</b>	<b>3,359,550</b>	<b>2,300,641</b>	<b>5,784,598</b>	<b>1,738,420</b>	<b>10,757,778</b>	<b>5,679,971</b>
<b>Disbursements</b>								
Personal Services	144,801	144,424	585,744	603,273	329,265	318,789	1,059,810	1,066,486
Materials and Supplies	4,646	6,446	102,427	119,989	13,374	17,345	120,447	143,780
Contractual Services	48,858	80,752	492,662	460,365	485,070	248,932	1,026,590	790,049
Conferences and Travel	6,204	18,172	3,048	5,859	8,245	15,731	17,497	39,762
Utilities	750	1,350	164,483	206,000	5,175	16,224	170,408	223,574
Repair and Maintenance	-	-	35,855	20,381	26,038	99	61,893	20,480
Capital Outlay	-	-	1,468,777	510,022	2,662,747	530,423	4,131,524	1,040,445
Facility Leases	-	-	-	-	48,745	36,246	48,745	36,246
Debt Service	-	-	488,345	489,410	791,670	34,046	1,280,015	523,456
Other Cash Disbursements	25,101	25,154	3,197	13,354	27,060	35,623	55,358	74,131
Transfers Out	1,235,000	1,229,000	-	-	-	-	1,235,000	1,229,000
<b>Total Disbursements</b>	<b>1,465,360</b>	<b>1,505,298</b>	<b>3,344,538</b>	<b>2,428,653</b>	<b>4,397,389</b>	<b>1,253,458</b>	<b>9,207,287</b>	<b>5,187,409</b>
Increase/(Decrease) in Net Position	148,270	135,612	15,012	(128,012)	1,387,209	484,962	1,550,491	492,562
Net Position at January 1	704,348	568,736	238,279	366,291	655,437	170,475	1,598,064	1,105,502
Net Position at December 31	\$ 852,618	\$ 704,348	\$ 253,291	\$ 238,279	\$ 2,042,646	\$ 655,437	\$ 3,148,555	\$ 1,598,064

Program specific receipts represent 49% of total receipts (excluding Interfund Transfers-In) of which 65% is comprised of charges for services (fees and charges for services, and rental and lease income) and 35% is comprised of intergovernmental receipts consisting of restricted grants from other governmental units that must be used to provide a specific service.

General receipts represent 51% of total receipts (excluding Interfund Transfers-In) of which 62% is comprised of sale of assets, 26% is comprised of intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations, 8% is comprised of reimbursement by Mahoning County for Campus of Care operational costs, and 4% is comprised of proceeds from debt issued for acquisition of and improvements to capital assets, depository interest earnings, passenger facility charges collections, reimbursement of administrative costs received from capital grants, and reimbursement of utility costs received from tenants of Airport facilities.

The *Net Cost of Services* of \$3,338,198 represents total disbursements (excluding Interfund Transfers-Out) of \$7,972,287 less program specific receipts of \$4,634,089. 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, and miscellaneous receipts). Therefore, dependence upon general receipts is apparent as 58% of total disbursements (excluding Interfund Transfers-Out) were supported through general receipts.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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An indicator of whether the Port Authority's financial health is improving or deteriorating is its reliance on fund balances available at January 1. In 2020, the Port Authority's total net position increased \$1,550,491, therefore, 0% of total disbursements (excluding Interfund Transfers-Out) were supported from fund balances available at January 1.

In 2019, the Port Authority's total net position increased \$492,562 and 0% of total disbursements (excluding Interfund Transfers-Out) were supported from fund balances available at January 1. This trend of zero reliance on fund balances available at January 1 as well as significant increases in annual net position suggests an improvement in the Port Authority's financial condition. Also, when evaluating financial health, one must also consider investment in capital assets. In 2020, the Port Authority invested \$4,131,524, or 52% 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 2021. 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, 2020 for capital projects is \$5,449,802, \$4,575,837 principal and \$419,062 interest, consisting of 1) \$2,385,000 of principal remaining for 20-year Airport Development Revenue Bonds with various interest rates from 2.125% to 4.625% issued in December 2011 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, approximately 55% will be derived from Passenger Facility Charges, if available, that are assessed to each enplaning commercial airline passenger as approved by the Federal Aviation Administration and approximately 45% will be derived from revenues (fees, charges, and rents) generated from facilities of which the construction and/or improvement thereof were financed by the proceeds of the Bonds; 2) \$306,242 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; 3) \$723,121 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; 4) \$216,080 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; 5) \$425,257 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; 6) \$420,137 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 the debt on the Bond, including interest and fiscal charges, will be derived from revenues (fees, charges, and rents) generated from the Terminal; and 7) \$100,000 of principal remaining for a 1-year State of Ohio Section 166 Forgivable Loan, 1%, issued in 2020 to provide financial resources for the acquisition of real property. The loan shall be forgiven and all obligations deemed satisfied if the if the sale of the acquired real property to the Army Corps of Engineers is completed fully by October 1, 2021. Otherwise, \$101,000 must be repaid on October 1, 2021 and amounts needed to service this debt, including interest and fiscal charges, will be derived from the general receipts of the Port Authority Fund.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)**

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The Port Authority's outstanding debt at December 31, 2020 for conduit debt arrangements is \$58,301,242, \$56,706,548 principal and \$1,594,694 interest, consisting of \$2,209,758 as related to the Southern Park Mall Project, \$1,556,722 as related to the Pittsburgh Institute of Aeronautics Project, \$14,000,000 as related to the YSU Enclave Project, \$11,500,000 as related to the Stambaugh Hotel Project, \$9,458,397 as related to the Campus Lofts Project, \$5,415,480 as related to the Trailstar Manufacturing Warehouse Project, \$8,765,276 as related to the University Edge Phase III Project, \$2,694,134 as related to the South Park Square Project, and \$2,701,475 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 John Moliterno, Chief Executive Officer, 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, 2020**

	<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	\$852,618	\$60,126	\$2,042,646	\$2,955,390
Restricted Cash with Fiscal Agent	0	193,165	0	193,165
<b>Total Assets</b>	<b>\$852,618</b>	<b>\$253,291</b>	<b>\$2,042,646</b>	<b>\$3,148,555</b>
<b>Net Position</b>				
Restricted for:				
Capital Outlay	\$0	\$52,896	\$0	\$52,896
Debt Service	0	193,165	0	193,165
Other Purposes	0	5,475	0	5,475
Unrestricted	852,618	1,755	2,042,646	2,897,019
<b>Total Net Position</b>	<b>\$852,618</b>	<b>\$253,291</b>	<b>\$2,042,646</b>	<b>\$3,148,555</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, 2020**

	<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	\$230,360	\$248,000	\$0	\$0	\$17,640
Aviation	3,344,538	567,131	69,000	1,536,604	(1,171,803)
Economic Development	4,397,389	2,203,354	10,000	0	(2,184,035)
<b>Total Business-Type Activities</b>	<u>\$7,972,287</u>	<u>\$3,018,485</u>	<u>\$79,000</u>	<u>\$1,536,604</u>	<u>(3,338,198)</u>
			<b>General Receipts</b>		
			Grants and Entitlements not Restricted to Specific Programs	1,262,242	
			Investment Earnings	8,263	
			Sale of Assets	3,042,260	
			Proceeds From Debt	100,000	
			Passenger Facility Charges	1,247	
			Miscellaneous Receipts	474,677	
			<b>Total General Receipts</b>	<u>4,888,689</u>	
			Changes in Net Position	1,550,491	
			Net Position - January 1, 2020	<u>1,598,064</u>	
			<b>Net Position - December 31, 2020</b>	<u><u>\$3,148,555</u></u>	

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, 2020**

	<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	\$852,618	\$60,126	\$2,042,646	\$2,955,390
Restricted Cash with Fiscal Agent	0	193,165	0	193,165
<b>Total Assets</b>	<b>\$852,618</b>	<b>\$253,291</b>	<b>\$2,042,646</b>	<b>\$3,148,555</b>
<b>Net Position</b>				
Restricted for:				
Capital Outlay	\$0	\$52,896	\$0	\$52,896
Debt Service	0	193,165	0	193,165
Other Purposes	0	5,475	0	5,475
Unrestricted	852,618	1,755	2,042,646	2,897,019
<b>Total Net Position</b>	<b>\$852,618</b>	<b>\$253,291</b>	<b>\$2,042,646</b>	<b>\$3,148,555</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, 2020**

	Port Authority	Aviation	Economic Development	Total
<b>Operating Cash Receipts</b>				
Fees and Charges for Services	\$0	\$166,130	\$2,131,859	\$2,297,989
Rental/Lease Income	248,000	401,001	71,495	720,496
<b>Total Operating Cash Receipts</b>	<b>0</b>	<b>567,131</b>	<b>2,203,354</b>	<b>3,018,485</b>
<b>Operating Cash Disbursements</b>				
Personal Services	144,801	585,744	329,265	1,059,810
Materials and Supplies	4,646	102,427	13,374	120,447
Contractual Services	48,858	492,662	485,070	1,026,590
Conferences and Travel	6,204	3,048	8,245	17,497
Utilities	750	164,483	5,175	170,408
Repairs and Maintenance	0	35,855	26,038	61,893
Facility Lease	0	0	48,745	48,745
Capital Outlay	0	1,468,777	2,662,747	4,131,524
Debt Service	0	488,345	791,670	1,280,015
Other Cash Disbursements	25,101	3,197	27,060	55,358
<b>Total Operating Cash Disbursements</b>	<b>230,360</b>	<b>3,344,538</b>	<b>4,397,389</b>	<b>7,972,287</b>
Operating Income/(Loss)	17,640	(2,777,407)	(2,194,035)	(4,953,802)
<b>Non-Operating Cash Receipts</b>				
Intergovernmental Receipts	1,262,242	1,605,604	10,000	2,877,846
Earnings on Investments	0	3,716	4,547	8,263
Sale of Assets	0	300	3,041,960	3,042,260
Proceeds From Debt	100,000	0	0	100,000
Passenger Facility Charges	0	1,247	0	1,247
Other Cash Receipts	3,388	46,552	424,737	474,677
<b>Total Non-Operating Cash Receipts</b>	<b>1,365,630</b>	<b>1,657,419</b>	<b>3,481,244</b>	<b>6,504,293</b>
Transfers-In	0	1,135,000	100,000	1,235,000
Transfers-Out	(1,235,000)	0	0	(1,235,000)
Change in Net Position	148,270	15,012	1,387,209	1,550,491
Net Position - January 1, 2020	704,348	238,279	655,437	1,598,064
<b>Net Position - December 31, 2020</b>	<b>\$852,618</b>	<b>\$253,291</b>	<b>\$2,042,646</b>	<b>\$3,148,555</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, 2020  
(CONTINUED)**

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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, 2020  
(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, 2020  
(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), 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), and deferred inflows/outflows of resources 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 2020 amounted to \$8,263 of which \$3,716 was credited to the Aviation Fund and \$4,547 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, 2020, 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, 2020, 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, 2020  
(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. 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 \$251,536 of net position restricted for business-type activities, of which \$68,229 is restricted by enabling legislation, as defined by GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", (\$24,604) is restricted by requirements of Federal Aviation Administration Airport Improvement Grants, \$9,271 is restricted by agreements with the Federal Aviation Administration permitting the collection and expending of Passenger Facility Charges, \$193,165 is restricted by covenants of the Port Authority's Development Revenue Bonds, Series 2011, (debt service requirements), and \$5,475 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.

***K. 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 2020, the Port Authority transferred \$1,135,000 from the Port Authority Fund into the Aviation Fund and transferred \$100,000 from the Port Authority Fund into the Economic Development Fund. Interfund transfers are reflected as other financing sources/(uses) in the accompanying financial statements.

***L. 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.



**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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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.

***M. Accounting of Conduit Debt Activity***

As discussed in Notes 14 through 25, 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 2020, the Port Authority implemented Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities"; Statement No. 91, "Conduit Debt Obligations", and 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".

GASB Statement No. 84, "Fiduciary Activities", improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments with the focus of the criteria generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements and Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement enhances consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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GASB Statement No. 91, “Conduit Debt Obligations” provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves required note disclosure. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers’ conduit debt obligations, and a description of each type of commitment. This Statement improves financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities.

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” requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other-employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in Paragraph 7 of Statement No. 84, “Fiduciary Activities”, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in Paragraph 3 of Statement No. 67, “Financial Reporting for Pension Plans”, or Paragraph 3 of Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other-employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangement organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements enhance the relevance, consistency, and comparability of (1) the information related to section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all section 457 plans.

The implementation of GASB Statements No. 84, No. 91, and No. 97, 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, 2019.

***B. Future Accounting Pronouncements***

In June 2018, the GASB issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period”, which will require 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. The requirements of this Statement will improve 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. GASB Statement No. 89 is required to be adopted for years beginning after December 15, 2020.

The Port Authority is currently evaluating the impact GASB Statement No. 89 will have on its financial statements when adopted during the Port Authority's 2021 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 other 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, 2020, 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, 2020, the carrying amount of the Port Authority's deposits was \$3,147,105 and the bank balance was \$3,260,048. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2020, 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 2020.

***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>3,147,105</u>
Total	<u>\$3,148,555</u>
<u>Cash and Cash Equivalents Per Statement of Net Position</u>	
Business-Type Activities	<u>\$3,148,555</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, 2020 follows:

	<b>Principal Balance 1/1/2020</b>	<b>Increase</b>	<b>Decrease</b>	<b>Principal Balance 12/31/2020</b>	<b>Due Within One Year</b>
Development Revenue Bonds (Series 2011)	\$2,545,000	\$0	\$160,000	\$2,385,000	\$165,000
Development Revenue Bond (Series 2012(A))	327,641	0	21,399	306,242	22,456
Development Revenue Bond (Series 2012(B))	771,219	0	48,098	723,121	51,048
Development Revenue Bond (Series 2013)	228,081	0	12,001	216,080	13,061
Development Revenue Bond (Series 2014(A))	449,344	0	24,087	425,257	25,694
Development Revenue Bond (Series 2014(B))	459,748	0	39,611	420,137	41,803
Acquisition and Improvement Bond (Series 2018(A))	772,815	0	772,815	0	0
State of Ohio Section 166 Forgivable Loan	0	100,000	0	100,000	100,000
<b>Total</b>	<b>\$5,553,848</b>	<b>\$100,000</b>	<b>\$1,078,011</b>	<b>\$4,575,837</b>	<b>\$419,062</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 2020, payments totaling \$269,200 were made to satisfy current principal and interest requirements of the Bonds.

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Future debt service of principal and interest follow:

Year	Airport Revenues	PFCs	Total
2021	\$120,960	\$147,840	\$268,800
2022	120,611	147,414	268,025
2023	121,956	149,057	271,013
2024	120,864	147,723	268,587
2025	121,930	149,026	270,956
2026 – 2030	605,897	740,541	1,346,438
2031	<u>183,617</u>	<u>224,421</u>	<u>408,038</u>
Total	<u>\$1,395,835</u>	<u>\$1,706,022</u>	<u>\$3,101,857</u>

**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.

Effective July 1, 2020, the interest rate was reduced from 3.271% to 2.697% and the amortization schedule was modified.

In 2020, payments totaling \$31,214 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2021	\$30,506
2022	<u>289,358</u>
Total	<u>\$319,864</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.

Effective July 1, 2020, the interest rate was reduced from 3.4884 to 2.7884% and the amortization schedule was modified.

In 2020, payments totaling \$72,497 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
2021	\$70,723
2022	<u>691,609</u>
Total	<u>\$762,332</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.

Effective July 1, 2020, the interest rate was reduced from 4.867 to 3.987% and the amortization schedule was modified.

In 2020, payments totaling \$22,206 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2021	\$21,511
2022	21,511
2023	<u>196,371</u>
Total	<u>\$239,393</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.

Effective July 1, 2020, the interest rate was reduced from 3.515 to 2.815% and the amortization schedule was modified.

In 2020, payments totaling \$39,040 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
2021	\$37,432
2022	37,432
2023	37,432
2024	<u>353,277</u>
Total	<u>\$465,573</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.

Effective July 1, 2020, the interest rate was reduced from 3.655 to 2.955% and the amortization schedule was modified.

In 2020, payments totaling \$54,753 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2021	\$53,753
2022	53,753
2023	53,753
2024	<u>298,524</u>
Total	<u>\$459,783</u>

**NOTE 12 – ACQUISITION AND IMPROVEMENT BOND (SERIES 2018(A)) – HARSHMAN BUILDING ACQUISITION AND IMPROVEMENT PROJECT**

In September 2018, the Port Authority issued a \$782,765 Acquisition and Improvement Bond (Series 2018(A)) (3.5%, 1<sup>st</sup> year monthly interest-only payments then, 20 years amortization, 10 years repayment plus balloon payment) to provide financial resources for the acquisition and improvement of a commercial building. Amounts needed to service the debt on the Bond, including interest and fiscal charges, will be derived from rent generated from the building. The Bond is secured by the facility acquired/improved from the proceeds of the Bond.

In 2020, payments totaling \$791,670 were made to satisfy fully all principal and interest requirements of the Bond.

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**NOTE 13 – STATE OF OHIO SECTION 166 FORGIVABLE LOAN – YOUNGSTOWN AIR RESERVE STATION MAIN GATE RELOCATION PROJECT**

In September 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 sale to the Army Corps, 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.

**NOTE 14 – CONDUIT DEBT OBLIGATIONS**

Changes in the Port Authority's Conduit Debt obligations for the year ended December 31, 2020 follows:

	<b>Original / Maximum Issuance</b>	<b>Principal Balance 1/1/2020</b>	<b>Increase</b>	<b>Decrease</b>	<b>Principal Balance 12/31/2020</b>
Latrobe Steel Bond and Loan (2000)	\$9,185,000	\$352,123	\$0	\$352,123	\$0
Southern Park Mall Bond (2015)	2,338,000	1,868,000	0	132,000	1,736,000
Poland Way Bond (2015))	10,600,000	10,388,315	0	10,388,315	0
PIA Bond (2016)	1,521,000	1,326,678	0	63,239	1,263,439
YSU Enclave Bond (2016)	14,000,000	14,000,000	0	0	14,000,000
Stambaugh Hotel Bonds (2016)	11,500,000	11,500,000	0	0	11,500,000
Campus Lofts Bond (2019)	9,954,375	1,652,667	7,805,730	0	9,458,397
Trailstar Bond (2019)	4,720,000	3,625,248	1,094,752	132,173	4,587,827
University Edge Phase III Bond (2019)	9,300,000	457,976	8,307,300	0	8,765,276
South Park Square Bond (2020)	23,000,000	0	2,694,134	0	2,694,134
Briarfield Place Bond (2020)	13,000,000	0	2,701,475	0	2,701,475
<b>Total</b>		<b>\$45,171,007</b>	<b>\$22,603,391</b>	<b>\$11,067,850</b>	<b>\$56,706,548</b>

Additional information for these Conduit Debt obligations is discussed in Notes 15 through 25.

**NOTE 15 – CONDUIT DEBT OBLIGATION – LATROBE STEEL DISTRIBUTION PROJECT**

In 2000, the Port Authority participated with the State of Ohio, through the Director of the Ohio Department of Development (Director), in the Latrobe Steel Distribution (Latrobe) Project (Project) that assisted Latrobe retain and expand its operations in the Mahoning Valley by providing financial resources to Latrobe to acquire a site, construct a building, and equip and furnish the same. The Director obtained \$6,185,000 in State Economic Development Revenue Bonds (8.64% - 20 years) through the Ohio Enterprise Bond Fund Program and obtained a \$3,000,000 Loan (2% - 20 Years) from ODOD's 166 Direct Loan Program.

The Port Authority's involvement in the Project consisted of obtaining a \$150,000 Development Grant from the Ohio Department of Development (ODOD) and passing 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.

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The Port Authority subleased the same to Latrobe who makes monthly lease payments directly to the Director to meet amounts needed to service the debt, including interest and fiscal charges, on the Bonds and the Loan. In the event of default by Latrobe, the Port Authority shall not have any liability under or in respect of its performances of the lease agreement.

In 2020, payments totaling \$360,703 were made to satisfy fully all principal and interest requirements of the Bond. The Director terminated all lease agreements and gave the Port Authority possession of the land, improvements, and facilities.

**NOTE 16 – 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) that assisted SPM engage in energy efficiency improvements at the Southern Park Mall, including roof improvements, lighting system upgrades, and other energy related improvements.

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 2020, payments totaling \$220,746 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2021	221,268
2022	221,474
2023	220,343
2024	220,897
2025	221,064
2026 – 2030	<u>1,104,712</u>
Total	<u>\$2,209,758</u>

**NOTE 17 – CONDUIT DEBT OBLIGATION – POLAND WAY PROJECT**

In 2015, the Port Authority participated in the Poland Way Facility Realty, LLC (Poland Way) Poland Way Project (Project) that assisted Poland Way construct an 89-bed assisted living facility. 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 Poland Way to secure land necessary for the Project, 2) issuing a \$10,600,000 Development Revenue Bond (Series 2015) (5.96% - 25 Years) to finance the Project, and 3) letting of a capital (facility) lease to Poland Way to construct the Project and operate such facility. The Bond and capital lease are co-terminus. Monthly payments by Poland Way meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. In the event of default by Poland Way, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond.

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The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2020, payments totaling \$10,565,196 were made to satisfy fully all principal and interest requirements of the Bond.

**NOTE 18 – CONDUIT DEBT OBLIGATION – PITTSBURGH INSTITUTE OF AERONAUTICS PROJECT**

In 2016, the Port Authority participated in the Pittsburgh Institute of Aeronautics (PIA) Project (Project) that assisted 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 2020, payments totaling \$98,851 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>
2021	\$98,851
2022	98,851
2023	98,851
2024	98,851
2025	98,851
2026 – 2030	494,257
2031 – 2035	494,257
2036	<u>73,953</u>
<b>Total</b>	<b><u>\$1,556,722</u></b>

**NOTE 19 – CONDUIT DEBT OBLIGATION – YSU ENCLAVE PROJECT**

In 2016, the Port Authority participated in the Youngstown Campus Associate, LLC (YCA) YSU Enclave Project (Project) that assisted 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)) to finance the Project, and 3) letting of a capital (facility) lease to YCA to construct the Project and operate such facility.

\$14,000,000 has been drawn as of December 31, 2020. Interest is accruing at 1.75% over the 30-day LIBOR Rate on outstanding principal amounts and is being paid monthly through capital lease payments.

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(CONTINUED)**

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An amortization schedule will be set at July 1, 2021 and capital lease payments by YCA 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 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.

**NOTE 20 – CONDUIT DEBT OBLIGATION – STAMBAUGH HOTEL PROJECT**

In 2016, the Port Authority participated in the Youngstown Stambaugh Holdings, LLC (YSH) Stambaugh Hotel Project (Project) that assisted 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.

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 has been drawn as of December 31, 2020. 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 May 1, 2021 and capital lease payments by YSH 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 YSH, 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 21 – CONDUIT DEBT OBLIGATION – CAMPUS LOFTS PROJECT**

In 2019, the Port Authority participated in the Campus Lofts, LLC (Campus Lofts) Campus Lofts Project (Project) that assisted 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 maximum \$9,954,375 Development Lease Revenue Bond (Series 2019(A)) 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 is being issued in increments, as a draw-down bond, similar to a traditional draw-down loan. \$9,458,397 has been drawn as of December 31, 2020. Interest is accruing at 4.4% 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 Campus Lofts 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 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.

**NOTE 22 – CONDUIT DEBT OBLIGATION – TRAILSTAR MANUFACTURING WAREHOUSE PROJECT**

In 2019, the Port Authority participated in the Trailstar Realty, LLC (Trailstar) Trailstar Manufacturing Warehouse Project (Project) that assisted 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, 2020  
(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 2020, payments totaling \$186,741 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2021	\$560,222
2022	560,222
2023	560,222
2024	560,222
2025	560,222
2026 – 2030	<u>2,614,370</u>
Total	<u>\$5,415,480</u>

**NOTE 23 – 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) that assisted Hallmark construct an approximate 163-bed student housing facility located at Youngstown State University. The Project consists of constructing and furnishing an additional building to the multi-phase facility.

The Port Authority's involvement in the Project consists of 1) entering into a ground lease with Hallmark to secure land necessary for the Project, 2) issuing a maximum \$9,300,000 Development Lease Revenue Bond (Series 2019(C)) to finance the Project, and 3) letting of a capital (facility) lease to Hallmark 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. \$8,765,276 has been drawn as of December 31, 2020. Interest is accruing at various 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 Hallmark 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 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.

**NOTE 24 – CONDUIT DEBT OBLIGATION – SOUTH PARK SQUARE PROJECT**

In February 2020, the Port Authority participated in the Valley View Investors, LLC (Valley View) South Park Square Project (Project) that assisted 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.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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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. \$2,694,134 has been drawn as of December 31, 2020. 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 25 – 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) that assisted 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 maximum \$13,000,000 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.

The Bond is being issued in increments, as a draw-down bond, similar to a traditional draw-down loan. \$2,701,475 has been drawn as of 12/31/20. 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 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 26 – 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*.

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.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
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FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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.

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

**2020 Statutory Maximum Contribution Rates:**

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

**2020 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>



**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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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, 2020, 2019, and 2018 were \$176,470, \$178,777, and \$197,027, respectively. In January 2021, the Port Authority made \$13,869 in contributions to satisfy fully its 2020 pension obligations.

**NOTE 27 – 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.

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 2020 was \$0.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 28 – 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, 2020.

**NOTE 29 – 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.

**NOTE 30 – COVID-19 AND OTHER SIGNIFICANT SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. 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. There are no other 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 EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor/ Passed Through Grantor/ Program Title</b>	<b>CFDA Number</b>	<b>Entity/Grant Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed through Federal Aviation Administration</i>			
Airport Improvement Program	20.106	3-39-0096-4416	\$ 54,300
Airport Improvement Program	20.106	3-39-0096-4517	4,275
Airport Improvement Program	20.106	3-39-0096-4618	28,789
Airport Improvement Program	20.106	3-39-0096-4719	1,131,437
Airport Improvement Program	20.106	3-39-0096-4820	322,172
Airport Improvement Program - CARES Act Program	20.106	3-39-0096-048-2020	69,000
<i>Total CFDA #20.106</i>			<u>1,609,973</u>
<i>Passed through Eastgate Regional Council of Governments</i>			
Highway Planning and Construction Cluster			
Highway Planning and Construction Program	20.205	FY20 610.01-CASTLO	10,000
Total Highway Planning and Construction Cluster			<u>10,000</u>
<b>Total U.S. Department of Transportation</b>			<u>1,619,973</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,619,973</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Western Reserve Port Authority (Port Authority) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port Authority, it is not intended to and does not present the financial position or changes in net position of the Port Authority.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3: INDIRECT COST RATE**

The Port Authority has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**NOTE 4: MATCHING REQUIREMENTS**

The Port Authority maintains certain federal programs that require the Port Authority to contribute non-federal resources (matching funds) to support these federal programs. The Port Authority has complied with the matching requirements of these federal programs. However, the expenditure of the non-federal matching funds is not included on the Schedule.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Passenger Facility Charges Collected	\$1,247
Interest Earnings	<u>51</u>
Total	1,298
Passenger Facility Charges Expended	<u>0</u>
Increase in Unexpended Passenger Facility Charges	1,298
Unexpended Passenger Facility Charges – January 1, 2020	<u>7,973</u>
<b>Unexpended Passenger Facility Charges – December 31, 2020</b>	<b><u>\$9,271</u></b>

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, 2020**

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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.

# JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Western Reserve Port Authority

The Honorable Keith Faber  
Auditor of State  
State of Ohio

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, 2020, 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 June 28, 2021, 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 will impact subsequent periods of the Port Authority.

### **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.

## **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.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 28, 2021



**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

Board of Directors  
Western Reserve Port Authority

The Honorable Keith Faber  
Auditor of State  
State of Ohio

**Report on Compliance for Each Major Federal Program**

We have audited the Western Reserve Port Authority's, Trumbull County, Ohio (Port Authority), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Port Authority's major federal program for the year ended December 31, 2020. The Port Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Western Reserve Port Authority's (the Port Authority) major federal program based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Western Reserve Port Authority's (the Port Authority) compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Western Reserve Port Authority (the Port Authority) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

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

Management of the Western Reserve Port Authority's (the Port Authority) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Port Authority's 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 a federal 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 requirement of a federal 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 a federal 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 28, 2021

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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

Board of Directors  
Western Reserve Port Authority

The Honorable Keith Faber  
Auditor of State  
State of Ohio

**Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program**

We have audited the Western Reserve Port Authority, Trumbull County, Ohio's compliance 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, 2020.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge Program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Western Reserve Port Authority, Ohio's compliance based on our audit of the compliance requirements referred to above. 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 with the compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge Program occurred. An audit includes examining, on a test basis, evidence about the Western Reserve Port Authority, Ohio'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 on compliance for the Passenger Facility Charge Program. However, our audit does not provide a legal determination of the Western Reserve Port Authority, Ohio's compliance.

***Opinion on the Passenger Facility Charge Program***

In our opinion, the Western Reserve Port Authority, Ohio complied, in all material respects, with the compliance requirements referred to above that are applicable to its Passenger Facility Charge Program for the year ended December 31, 2020.

## Report on Internal Control Over Compliance

Management of the Western Reserve Port Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Western Reserve Port Authority, Ohio's internal control over compliance with the requirements that could have a direct and material effect on the Passenger Facility Charge Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Passenger Facility Charge Program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Western Reserve Port Authority, Ohio's 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 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 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 compliance requirements 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Guide. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 28, 2021

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

2020(i) Type of Financial Statement Opinion	Unmodified
2020(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2020(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2020(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2020(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2020(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2020(v) Type of Major Programs' Compliance Opinion	Unmodified
2020(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2020(vii) Major Programs (list):  Airport Improvement Program - CFDA #20.106	
2020(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: All Others
2020(ix) Low Risk Auditee?	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**WESTERN RESERVE PORT AUTHORITY  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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The prior audit report, as of December 31, 2019, 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 8/26/2021**

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)