



Mary Taylor, CPA
Auditor of State

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Reserve Port Authority, Trumbull County, (the Port Authority) as of and for the year ended December 31, 2009. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Reserve Port Authority, Trumbull County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and the Airport Improvement Program Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2010, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The federal awards expenditure schedule required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of Passenger Facility Charge Revenue required by 14 Code of Federal Regulations Part 158, are also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule and the schedule of passenger facility charge revenues to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 12, 2010

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

The Management's Discussion and Analysis of the Western Reserve Port Authority (Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2009, within the limitations of the Port Authority's cash-basis 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.

Financial Highlights

Key financial highlights for 2009 are as follows:

Net assets of governmental activities decreased \$190,502, or 51%, a significant decrease from 2008. This was almost entirely the result of the Airport Improvement Program Fund realizing a decrease in cash and cash equivalents of \$233,329, or 100%, from 2008. This was the result of the Port Authority receiving certain Federal Airport Improvement Program Grant proceeds at the end of December 2008 but not disbursing them until January 2009. The cash and cash equivalents of the General Fund decreased \$22,036, or 22%, from 2008. This also was the result of the timing of paying certain 2008 commitments in 2009. The cash and cash equivalents of the Passenger Facility Charge Fund (non-major fund) increased \$64,862, or 157%, from 2008, which accounted for the entire increase in All Other Funds (non-major funds). This was the result of the Port Authority not scheduling in 2009 the undertaking of any capital projects that are financed entirely by Passenger Facility Charge collections.

The General Fund's Cash Fund Balance at December 31, 2009 was \$77,595 as compared to \$99,631 at December 31, 2008. The General Fund's Reserve for Encumbrances at December 31, 2009 was \$55,844 as compared to \$62,213 at December 31, 2008. Therefore, the General Fund's Unreserved and/or Undesignated Cash Fund Balance of \$21,571 at December 31, 2009 actually decreased from \$37,418 at December 31, 2008, a \$15,667, or 42%, decrease.

Net assets of business-type activities increased \$269,195, or 421%, a significant increase from 2008. This was almost entirely the result of the Economic Development Fund realizing an increase in cash and cash equivalents of \$283,136, or 566%, from 2008. As further discussed in the *Current Issues* Section of this Discussion and Analysis, the Port Authority established an Economic Development Division in 2008 in an effort to utilize fully its abilities as a port authority to advance economic development within Mahoning and Trumbull Counties. The Economic Development Division began operations in 2009 and significant contributions from other governmental units and community organizations to finance these activities were received in 2009 and accounted for in the Economic Development Fund.

The Port Authority had total governmental activities receipts of \$1,680,056. Program specific receipts accounted for \$985,916, or 59%, of total governmental activities receipts. General receipts accounted for \$694,140, or 41%, of total governmental activities receipts. The Port Authority's program specific receipts for governmental activities are primarily 1) charges for services (fees and charges for services, and rental and lease income), and 2) intergovernmental receipts consisting of grants from other governmental units that must be used to provide a specific service. These receipts represent respectively 26% and 32% of the total cash received for governmental activities for 2009. The Port Authority's general receipts for governmental activities are primarily 1) intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations, and 2) miscellaneous receipts. These receipts represent respectively 37% and 5% of the total cash received for governmental activities for 2009. Conduit debt activity receipts, consisting of conduit debt payment receipts, and economic development activity receipts, consisting of grants from other governmental units and community organizations, represent respectively 93% and 7% of total receipts for business-type activities.

The Port Authority had total governmental activities disbursements of \$1,870,558. Program specific receipts offset \$985,916, or 53%, of these disbursements. General receipts of \$694,140, or 37%, and the expending of \$190,502, or 10%, from fund balances available at January 1, 2009 offset the remaining disbursements. Capital outlay represents 34% of total disbursements for governmental activities.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Of this amount, 100% was comprised of the disbursement of the Port Authority's Airport Improvement Program Federal (FAA) Assistance Grants, the Airport Improvement Program State (ODOT) Assistance Grant, and related required matching funding. Personal services represent 28% of total disbursements for governmental activities and consists of payroll and benefit related costs for Port Authority employees. Contractual services represent 20% of total disbursements for governmental activities. Of this amount, 27% was comprised of the disbursement of the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding. In addition, of this amount, 17%, 10%, and 10%, respectively, was comprised of general and liability insurance costs, security costs, and discretionary marketing costs. Utilities represent 12% of total disbursements for governmental activities. Conduit debt activity disbursements, consisting of capital lease payments, and bonds and loan payments represent 98% of total disbursements for business-type activities.

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 Assets* and the *Statement of Activities* 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 Cash Basis Assets and Fund Balances* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances* present financial information by either governmental funds or proprietary funds. In addition, the governmental funds statements present the Port Authority's General Fund, Airport Improvement Program Fund, and non-major funds (All Other Funds) in separate columns and the proprietary funds statements present the Port Authority's Conduit Debt Fund and Economic Development Fund in separate columns.

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.

Reporting the Port Authority as a Whole

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

The *Statement of Net Assets* and the *Statement of Activities* reflect how the Port Authority did financially during 2009, within the limitations of cash-basis accounting.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

The *Statement of Net Assets* presents cash balances and investments of the governmental and business-type activities of the Port Authority at year-end. The *Statement of Activities* compares cash disbursements with program specific receipts for each governmental program and 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 governmental function or 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 of 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.

The *Statement of Net Assets* and the *Statement of Activities* divide the Port Authority into two distinct types of activities:

Governmental Activities - The Port Authority's basic services and operations, inclusive of all operations of the Youngstown-Warren Regional Airport, are reported here. Fees and charges for services, rental and lease income, subsidies from other governmental units, and state and federal assistance grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - The Port Authority's activities that enhance, provide, or promote transportation, economic development, and other community activities within Mahoning and Trumbull Counties are reported here. Contributions received from other governmental units and community organizations finance most of these activities.

Reporting the Port Authority Most Significant 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 funds of the Port Authority are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Port Authority's activities, inclusive of all operations of the Youngstown-Warren Regional Airport, are reported in governmental funds. The governmental fund financial statements (The *Statement of Cash Basis Assets and Fund Balances* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances*) provide a detailed view of the Port Authority's governmental operations and the basic services it provides.

Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Port Authority's programs. The Port Authority maintains two major governmental funds, the General Fund and the Airport Improvement Program Fund, which the governmental funds statements present in separate columns. The Port Authority maintains three non-major governmental funds, the Small Community Air Service Development Fund, the Ohio Department of Transportation Program Fund, and the Passenger Facility Charge Fund, which the governmental funds statements present collectively in one column (All Other Funds). The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Proprietary Funds - When a governmental unit charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund.

The Port Authority maintains two enterprise funds, the Conduit Debt Fund and the Economic Development Fund, which the proprietary funds statements present in separate columns. The Port Authority participated with the State of Ohio, through the Director of the Ohio Department of Development, in the Timken Latrobe Steel Distribution Project (Timken); participated with the State of Ohio, through the Director of the Ohio Department of Development, and the Summit County Port Authority, in the EXAL Corporation Project (EXAL); and participated with the State of Ohio, through the Director of the Ohio Department of Development, in the Central Waste, Inc. Project (Central Waste), that consisted of assisting Timken, EXAL, and Central Waste retain and expand their respective operations in the Mahoning Valley by providing financial resources to Timken, EXAL, and Central Waste to acquire sites, construct buildings, and equip and furnish the same. The Conduit Debt Fund accounts for the debt activity of these Projects, which is financed entirely by sublease payments made by Timken, and loan payments made by EXAL and Central Waste, to the Port Authority.

In addition, as described above, the Port Authority established an Economic Development Division in 2008 in an effort to fully utilize its abilities as a port authority to advance economic development within Mahoning and Trumbull Counties. The Economic Development Division began operations in 2009 although grants from other governmental units that must be used for these operations were received in 2008 and were accounted for in the Economic Development Fund.

Port Authority as a Whole

Table 1 provides a summary of the Port Authority's net assets for 2009 compared to 2008 on a cash basis.

(Table 1)

Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2009	2008	2009	2008	2009	2008
Assets						
Cash and Cash Equivalents	\$183,646	\$374,148	\$333,136	\$63,941	\$516,782	\$438,089
Net Assets						
Restricted for:						
Capital Outlay	\$106,051	\$41,189	\$0	\$0	\$106,051	\$41,189
Other Purposes	0	233,328	0	63,941	0	297,270
Unrestricted	77,595	99,631	333,136	0	410,731	99,631
Total Net Assets	\$183,646	\$374,148	\$333,136	\$63,941	\$516,782	\$438,089

Over time, net assets can serve as a useful indicator of a government's financial position. As mentioned previously, net assets of governmental activities decreased \$190,502, or 51%, a significant decrease from 2008. This was almost entirely the result of the Airport Improvement Program Fund realizing a decrease in cash and cash equivalents of \$233,328, or 100%, from 2008. This was the result of the Port Authority receiving certain Federal Airport Improvement Program Grant proceeds at the end of December 2008 but not disbursing them until January 2009. The cash and cash equivalents of the General Fund decreased \$22,036, or 22%, from 2008. This was also the result of the timing of paying certain 2008 commitments in 2009. The cash and cash equivalents of the Passenger Facility Charge Fund (non-major fund) increased \$64,862, or 157%, from 2008, which accounted for the entire increase in All Other Funds (non-major funds). This was the result of the Port Authority not scheduling in 2009 the undertaking of any capital projects that are financed entirely by Passenger Facility Charge collections.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

In addition, as mentioned previously, net assets of business-type activities increased \$269,195, or 421%, a significant increase from 2008. This was almost entirely the result of the Economic Development Fund realizing an increase in cash and cash equivalents of \$283,136, or 566%, from 2008. The Economic Development Division began operations in 2009 and significant contributions from other governmental units and community organizations to finance these activities were received in 2009 and accounted for in the Economic Development Fund. The cash and cash equivalents of the Conduit Debt Fund decreased \$13,941, or 100%, from 2008. This was the result of the Port Authority receiving contributions from other governmental units to finance these activities prior to 2009 but not disbursing them until 2009.

(Table 2)
Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008	Business-Type Activities 2009	Business-Type Activities 2008	Total 2009	Total 2008
Receipts:						
<i>Program Receipts:</i>						
Charges for Services	\$439,661	\$523,330	\$5,039,819	\$4,828,465	\$5,479,479	\$5,351,795
Operating Grants and Contributions	18,492	315,629	0	50,000	18,492	365,629
Capital Grants and Contributions	527,763	990,710	0	0	527,763	990,710
Total Program Receipts	985,916	1,829,669	5,039,819	4,878,465	6,025,734	6,708,134
<i>General Receipts:</i>						
Grants and Entitlements not Restricted to Specific Programs	619,959	667,276	325,000	0	941,959	667,276
Investment Earnings	719	471	3,086	0	3,805	471
Miscellaneous Receipts	76,462	138,633	25,000	0	101,462	138,633
Total General Receipts	694,140	806,380	353,086	0	1,047,226	806,380
Total Receipts	1,680,056	2,636,049	5,392,905	4,878,465	7,072,960	7,514,514
Disbursements:						
Personal Services	526,251	571,897	7,648	0	533,899	571,897
Materials and Supplies	57,684	46,372	0	0	57,684	46,372
Contractual Services	366,704	470,111	60,979	0	427,683	470,111
Marketing and Promotions	0	0	1,323	0	1,323	0
Travel	4,715	6,473	0	0	4,715	6,473
Utilities	232,133	236,885	0	0	232,133	236,885
Repair and Maintenance	43,880	95,322	0	0	43,880	95,322
Capital Outlay	630,288	845,072	0	0	630,288	845,072
Debt Service – Loan Repayment	0	50,000	0	0	0	50,000
Other Disbursements	8,902	78,833	13,941	0	22,843	78,833
Economic Development Activity	0	0	0	0	0	0
Conduit Debt Activity	0	0	5,039,819	4,828,465	5,039,819	4,828,465
Total Disbursements	1,870,558	2,400,964	5,123,710	4,828,465	6,994,268	7,229,429
Increase/(Decrease) in Net Assets	(190,502)	235,084	269,195	50,000	78,693	285,084
Net Assets – January 1,	374,148	139,063	63,941	13,941	438,089	153,005
Net Assets - December 31,	\$183,646	\$374,148	\$333,136	\$63,941	\$516,782	\$438,089

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Program specific receipts represent 59% of total receipts for governmental activities, and of this amount, 45% is comprised of charges for services (fees and charges for services, and rental and lease income) and 55% is comprised of intergovernmental receipts consisting of restricted grants from other governmental units that must be used to provide a specific service. Program specific receipts represent 93% of total receipts for business-type activities, and of this amount, 100% is comprised of charges for services, which are sublease and loan payments received to finance the Port Authority's conduit debt activity.

General receipts represent 41% of total receipts for governmental activities, and of this amount, 89% is intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations. General receipts represent 7% of total receipts for business-type activities, and of this amount, 99% are operating grants and contributions, which are received from other governmental units and community organizations to finance the Port Authority's economic development activity.

Capital outlay represents 34% of total disbursements for governmental activities. Of this amount, 100% is the disbursement of the Port Authority's Airport Improvement Program Federal (FAA) Assistance Grants, the Ohio Department of Transportation State Assistance Grant, and related required matching funding. Personal services represent 28% of total disbursements for governmental activities and are comprised of payroll and benefit related costs for Port Authority employees. Contractual services represent 20% of total disbursements for governmental activities. Of this amount, 68% is comprised of costs of services, such as insurance, security, marketing, legal, and consulting, that are provided by contracted third-parties and 27% is comprised of the disbursement of the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding. Utility disbursements represent 12% of total disbursements for governmental activities.

Conduit debt activity disbursements, consisting of capital lease payments, and bonds and loan payments represent 98% of total disbursements for business-type activities and are made to satisfy the Port Authority's conduit debt activity requirements.

Governmental and Business-Type Activities

If you look at the *Statement of Activities*, you will see that the first column lists the major services provided by the Port Authority. The next column entitled *Cash Disbursements* identifies the costs of providing these services. The next three columns entitled *Program Specific Receipts* identify amounts paid by customers who are directly charged for services, and for grants received by the Port Authority that must be used to provide a specific service. The *Net Receipts (Disbursements)* columns compare the program specific receipts for governmental and business-type activities to the cost of the services.

Governmental Activities

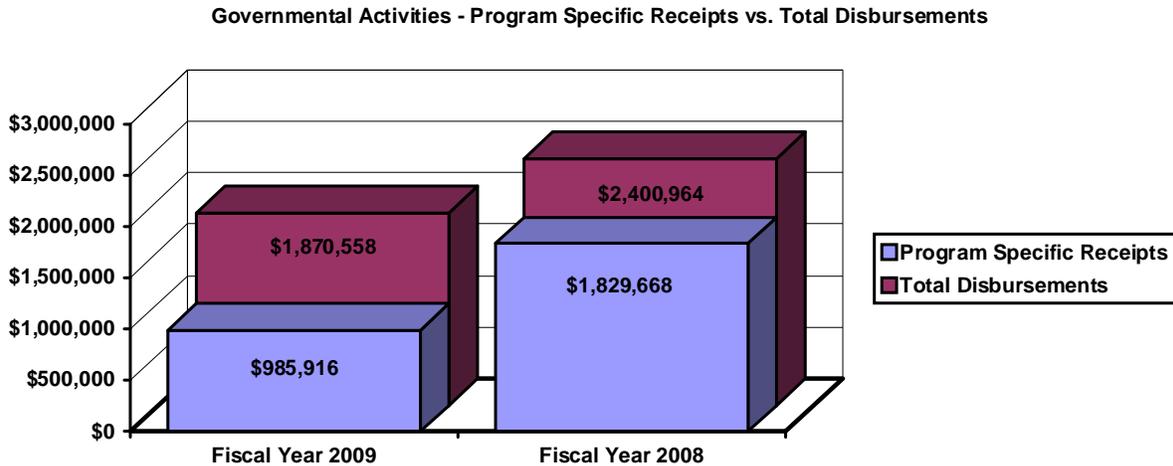
A comparison between the total costs of services and the net cost for governmental activities for fiscal years 2009 and 2008 is presented in Table 3.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
 For the Year Ended December 31, 2009

(Table 3)
Cost of Services vs. Net Cost of Services

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2009	2009	2008	2008
Personal Services	\$526,251	(\$402,560)	\$571,897	(\$340,484)
Materials and Supplies	57,684	(46,453)	46,372	(27,616)
Contractual Services	366,704	(165,529)	470,111	(128,374)
Travel	4,715	(3,607)	6,473	(5,303)
Utilities	232,133	(177,572)	236,885	(141,031)
Repair and Maintenance	43,880	(33,566)	95,322	(56,751)
Capital Outlay	630,288	(51,409)	845,072	145,638
Debt Service – Loan Repayment	0	0	50,000	(29,768)
Other Disbursements	8,902	(3,947)	78,833	12,392
Total	\$1,870,558	(\$884,642)	\$2,400,964	(\$571,296)

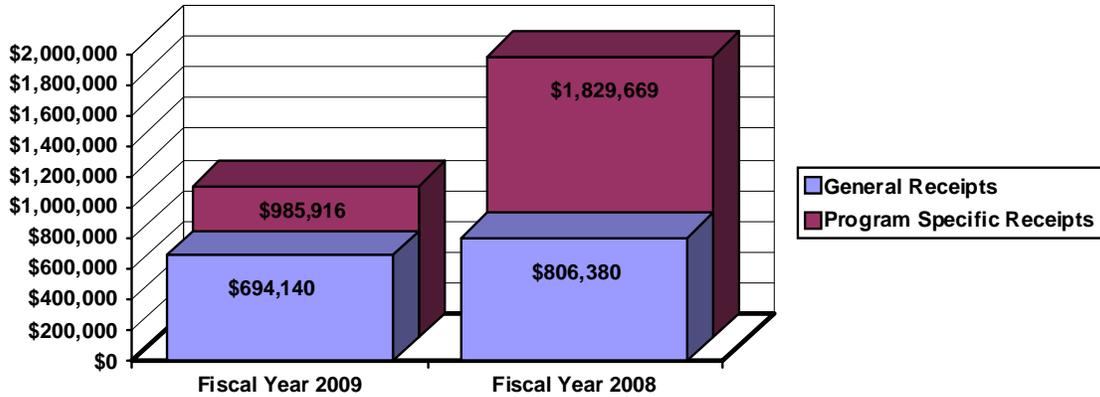
The chart below illustrates the Port Authority's dependence upon general receipts for fiscal years 2009 and 2008, as program specific receipts have not been sufficient to cover total disbursements for governmental activities.



The *Net Cost of Services* amount of (\$884,642) for governmental activities for 2009 represents the costs of the services, which ends up being paid from subsidies provided by Mahoning and Trumbull Counties, from investment earnings and miscellaneous receipts, and from a reduction in net assets (cash and cash equivalents). Therefore, the dependence upon general receipts for governmental activities is apparent as 37% of disbursements were supported through general receipts. The chart below illustrates the Port Authority's program specific receipts versus general receipts for fiscal years 2009 and 2008 for governmental activities.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Governmental Activities - General Receipts vs. Program Specific Receipts



Business-Type Activities

A comparison between the total costs of services and the net cost for business-type activities for fiscal years 2009 and 2008 is presented in Table 4.

(Table 4)

Cost of Services vs. Net Cost of Services

	Business-Type Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Personal Services	\$7,648	(\$7,648)	\$0	0
Contractual Services	60,979	(60,979)	0	0
Marketing and Promotions	1,323	(1,323)	0	0
Other Cash Disbursements	13,941	(13,941)	0	0
Conduit Debt Activity	5,039,819	0	4,828,465	0
Total	\$5,123,710	(\$83,892)	\$4,828,465	\$0

As mentioned previously, the Port Authority's Economic Development Division was established in 2008 and although it began operations in 2009, grants from other governmental units to be used for these operations were received in 2008 and accounted for in the Economic Development Fund.

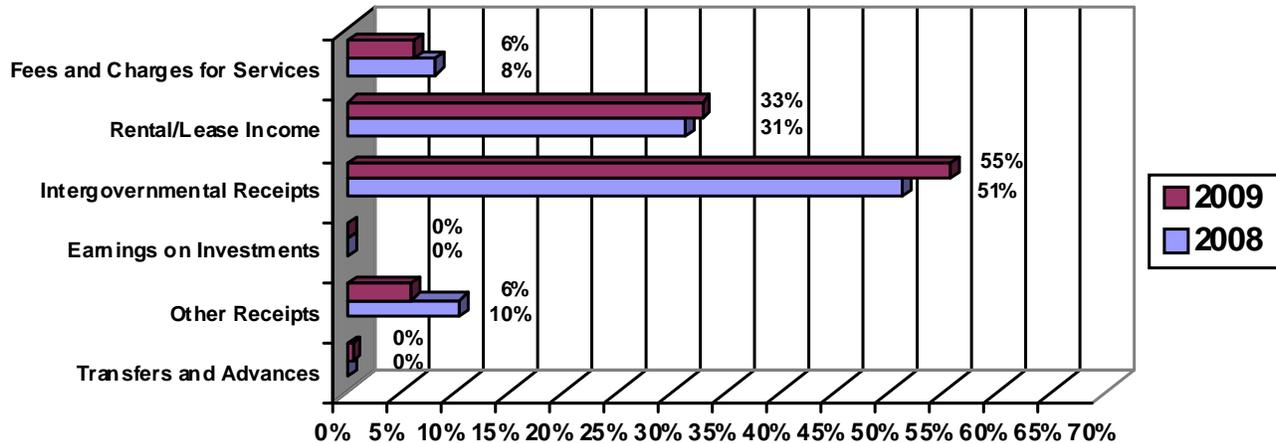
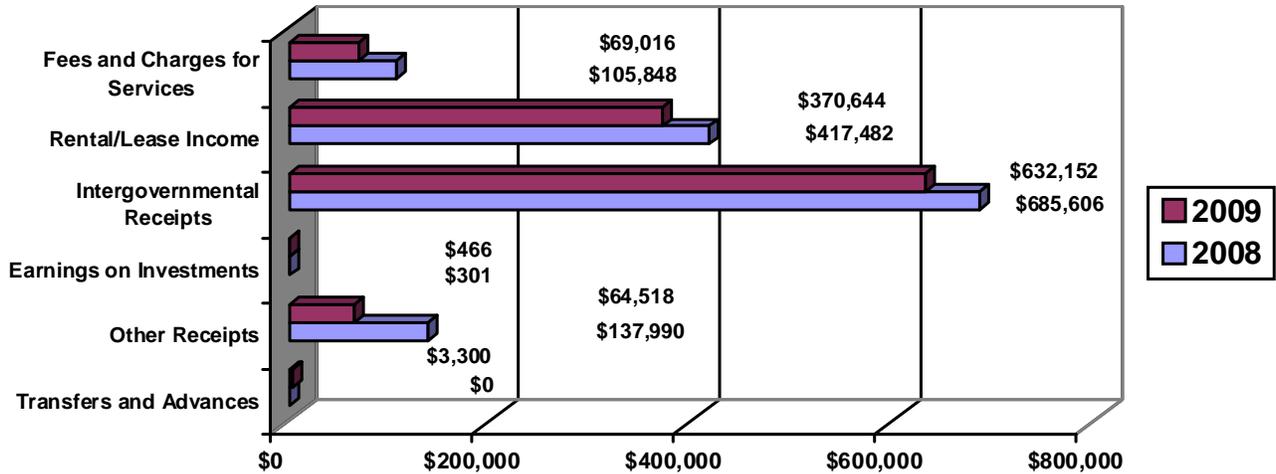
Port Authority Funds Analysis

The Port Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus on the funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Port Authority's financing requirements. In particular, unreserved fund balances serve as a useful measure of the Port Authority's net resources available for spending at year-end. At December 31, 2009, the Port Authority's General Fund unreserved fund balance was \$21,571 as compared to \$37,418 at December 31, 2008. This moderate decrease portrays a slightly weaker cash position for the General Fund at December 31, 2009 than at December 31, 2008.

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The Port Authority had total cash receipts of \$7,072,961 and total cash disbursements of \$6,994,268 for all funds in 2009, although approximately 72% of both amounts were related to the conduit debt activity of the Proprietary Funds. Total governmental funds had cash receipts of \$1,680,056 and cash disbursements of \$1,870,558 in 2009. The General Fund accounts for the general operations of the Port Authority. Therefore, additional analysis of the General Fund is presented in the following charts.

Analysis of General Fund Receipts for Fiscal Years 2009 and 2008



For most of 2009, the Port Authority operated in an extremely challenging economic environment, as did most public and private sector enterprises. Total receipts of the General Fund decreased from \$1,347,227 in 2008 to \$1,140,096 in 2009, a 15% decrease, primarily the result of 1) fees and charges for services receipts that decreased from \$105,848 in 2008 to \$69,016 in 2009, a 35% decrease, 2) rental/lease income receipts that decreased from \$417,482 in 2008 to \$370,644 in 2009, an 11% decrease, 3) intergovernmental receipts that decreased from \$685,606 in 2008 to \$632,152 in 2009, an 8% decrease, and 4) other cash receipts that decreased from \$137,990 in 2008 to \$64,518 in 2009, a 53% decrease. A discussion of the components of the General Fund's receipts follows.

The decrease in fees and charges for services receipts was primarily the result of 1) arrearages of approximately \$13,500 due in 2009 that was collected in 2010, and

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Management's Discussion and Analysis
For the Year Ended December 31, 2009

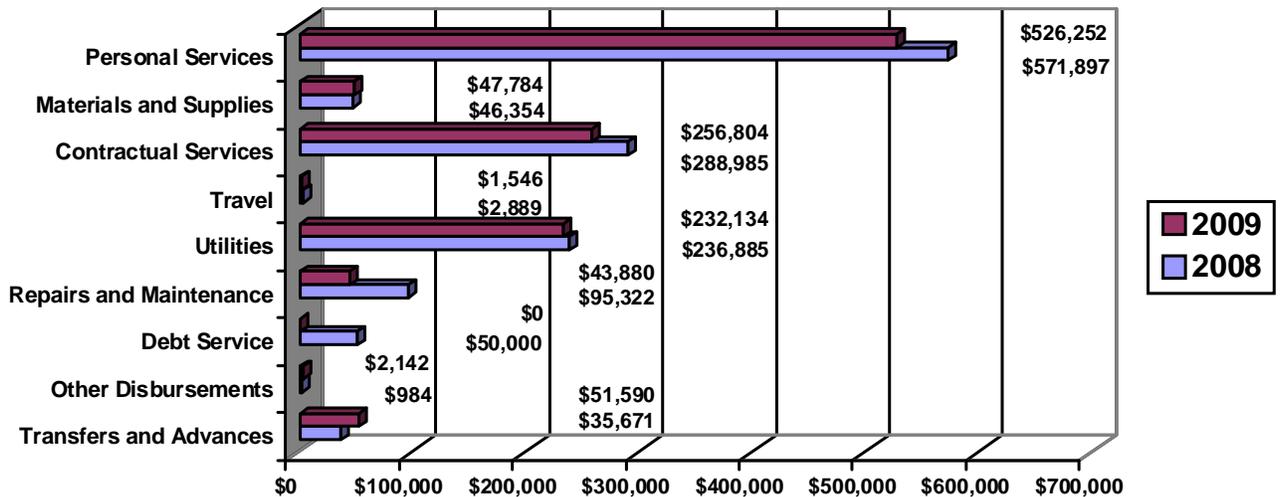
2) the reduction in corporate and general aviation activity in 2009 as compared to recent years. As corporate and general aviation activity usually follows the upward or downward trends of the national economy, Management anticipates that in 2010, this activity will return to levels realized in recent years.

The decrease in rental/lease income receipts was primarily the result of arrearages of approximately \$42,100 due in 2009 that was collected in 2010. The decrease in intergovernmental receipts was primarily the result of the Port Authority receiving \$616,959 in subsidies from Mahoning and Trumbull Counties in 2009 as opposed to \$667,276 in 2008, an 8% decrease. These subsidies are derived from lodging excise taxes assessed by the Counties. Since the lodging industry usually follows the upward or downward trends of the national economy, Management anticipates that in 2010, the amount of subsidies received from the Counties will return to levels realized in recent years.

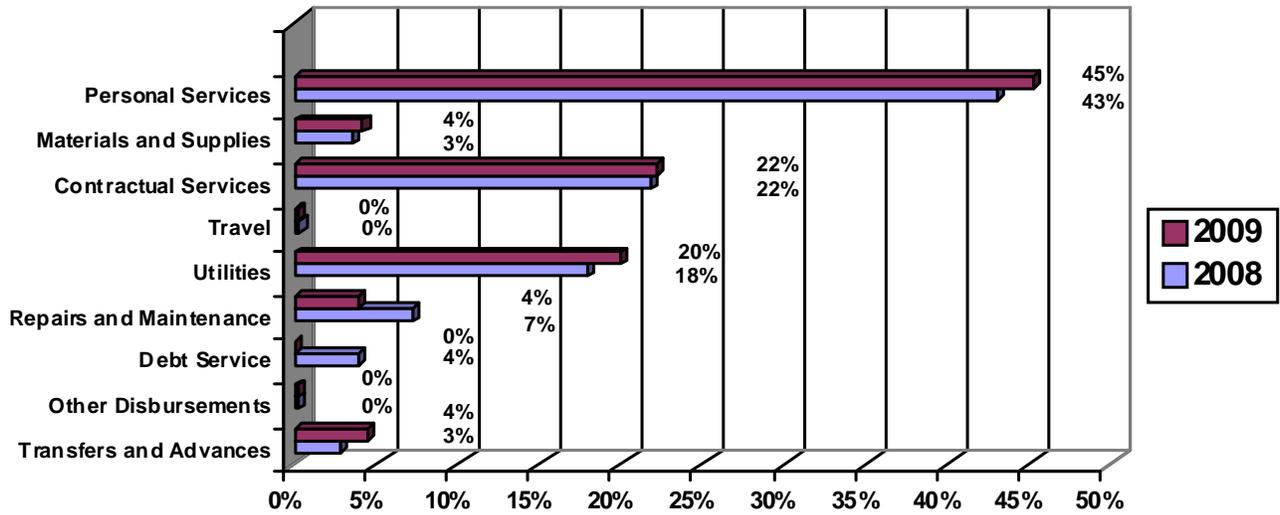
The decrease in other cash receipts was primarily the result of the Port Authority receiving \$3,738 from the Federal Aviation Administration in 2009 to reimburse it for certain administration costs and Single Audit costs incurred during administrating its Airport Improvement Program Federal Assistance Grants (AIP) as opposed to \$73,956 in 2008. However, the amount received in 2008 was to recover costs incurred from 2005 through 2008. In addition, the level of AIP project activity in 2009 was unusually minimal due to the timing of planning and performing such projects.

All other General Fund receipts remained moderately constant from 2008 to 2009.

Analysis of General Fund Disbursements for Fiscal Years 2009 and 2008



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Total disbursements of the General Fund decreased from \$1,328,987 in 2008 to \$1,162,132 in 2009, a 13% decrease, primarily the result of 1) personal services disbursements that decreased from \$571,897 in 2008 to \$526,252 in 2009, an 8% decrease, 2) contractual services disbursements that decreased from \$288,985 in 2008 to \$256,804 in 2009, an 11% decrease, 3) repairs and maintenance disbursements that decreased from \$95,322 in 2008 to \$43,880 in 2009, a 54% decrease, and 4) debt service that decreased from \$50,000 in 2008 to \$0 in 2009, a 100% decrease. A discussion of the components of the General Fund's disbursements follows.

The decrease in personal services disbursements was primarily the result of 1) the Director of Aviation resigning his position in August 2009 and due to the time involved in conducting a nationwide search for a replacement, the position remained vacant until 2010, and 2) the temporary furlough of two positions in the Airport's Operations and Maintenance Department for 5-months each due to the Port Authority's limited available financial resources. These two conditions reduced personal services disbursements by approximately \$33,000 and \$34,000, respectively. These reductions were offset by slight increases in the costs of employee health care benefits and in employee overtime costs in the Airport's Operations and Maintenance Department due to an increase in the Airport's snow removal operations resultant of extended periods of inclement weather in 2009.

The decrease in contractual services disbursements was primarily the result of that an aggressive marketing campaign initiated in 2006 to promote Allegiant Air's commercial air services at the Youngstown-Warren Regional Airport (Airport) ended in 2008. Marketing and promotion costs associated with this program amounted to approximately \$50,000 in 2008. However, this reduction was offset by a slight increase in discretionary marketing costs in 2009 over 2008.

The decrease in repairs and maintenance disbursements was primarily the result of certain non-essential annual maintenance programs were eliminated in 2009 only due to the Port Authority's limited available financial resources.

The decrease in debt service was the result of that no payment was required in 2009 on a \$150,000, zero-percent interest, general obligation loan received from Trumbull County in 2004 that was utilized to assist the Port Authority in providing a operational security deposit to Vacation Express Airlines necessary for the Airlines to begin its operations of providing direct commercial flights to Myrtle Beach, SC and to Orlando-Sanford Airport, FL. Debt service obligations of \$50,000 were paid in 2008.

All other General Fund disbursements remained moderately constant from 2008 to 2009.

Capital Assets and Debt Administration

Capital Assets - The Port Authority does not currently maintain tracking of its capital assets and infrastructure. 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 Youngstown-Warren Regional 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 are 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.

Capital Lease Obligations - The Port Authority financed the acquisitions of a truck in 2007, four HVAC units in 2007, two mower units in 2008, and a hangar fan in 2008, through leasing arrangements. All of these leasing arrangements meet the criteria of capital leases as defined by FASB Statement No. 13 "Accounting for Leases", which defines a capital lease as one that transfers benefits and risks of ownership to the lessee. Future payments collectively for these capital lease obligations are \$17,697, \$15,012, \$4,893, and \$1,016 due in 2010, 2011, 2012, and 2013, respectively.

Debt Administration - The Port Authority's outstanding debt as of December 31, 2009 for governmental activities is \$75,000 remaining for a zero-percent interest, general obligation loan from Trumbull County received on February 12, 2004, that was utilized to assist the Port Authority in providing an operational security deposit to Vacation Express Airlines necessary for the Airlines to begin its operations of providing direct commercial flights to Myrtle Beach, SC and to Orlando-Sanford Airport, FL. The remaining repayment schedule for the loan includes payments of \$50,000 and \$25,000 due on October 1 of 2010 and 2011, respectively.

The Port Authority's outstanding debt as of December 31, 2009 for business-type activities is \$94,418,829, \$8,953,483 in capital lease payments due to the Director of the Ohio Department of Development as related to the Timken Latrobe Steel Distribution Project, \$5,758,840 in loan payments due to the Director of the Ohio Department of Development as related to the EXAL Corporation Project, \$2,628,164 in loan payments due to the Summit County Port Authority as related to the EXAL Corporation Project, and \$77,078,342 in loan payments due to the Director of the Ohio Department of Development as related to the Central Waste, Inc. Project. However, as previously mentioned, the Port Authority's debt service obligations for the Timken, EXAL, and Central Waste, Inc. Projects are financed entirely by sublease payments made by Timken and loan payments made by EXAL and Central Waste to the Port Authority.

General Fund Budgeting Highlights

The Port Authority's 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 *Statements of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual (Budget Basis)*, presents the Port Authority's estimated resources and appropriations for its major and non-major governmental funds.

The Port Authority's General Fund had final budgeted receipts of \$1,143,431 while actual receipts were \$1,140,097 for an insignificant negative variance of \$3,334. The Port Authority's General Fund had final budgeted disbursements of \$1,219,343 while actual disbursements were \$1,217,975 for an insignificant positive variance of \$1,368.

Current Issues

Concurrent with the appointment of the new Director of Aviation in April of 2010, the Port Authority began an aggressive air service development initiative at the Youngstown-Warren Regional Airport. The goals and objectives of this initiative are to attract additional leisure air service and daily regional business service to connecting hub airports from the Airport for its leisure and vacation traveling community.

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This includes additional Allegiant Air leisure flights in their 150-seat MD-83 aircraft and business class flights using 50 – 70 seat regional jet aircraft operated by other Legacy Airlines. Resulting efforts to date include additional non-stop Allegiant Air leisure service flights to Myrtle Beach, SC and St. Petersburg, FL in addition to the existing service to Orlando, FL. Additionally, the Airport is receiving consideration from Allegiant Air for future flights to such destinations as Fort Lauderdale, FL and to Las Vegas, NV. The Airport has also met with several airlines interested in servicing the Airport and its business traveling community to such connecting hub airports as Washington-Dulles, Detroit-Metro, and Chicago O'Hare, potentially as early as the second quarter of 2011.

In addition, in January 2008, the Port Authority was awarded a \$575,000 USDOT Small Community Air Service Development (SCASD) federal grant. The goals and objectives of this grant are to establish a revenue guarantee program designed to reinstate scheduled commercial air service at the Youngstown-Warren Regional Airport more specifically by targeting connecting regional jet service on a major U.S. airline operating a large hub in the Midwest or Southern U.S.. This revenue guarantee program will augment the ongoing air service development efforts made on behalf of the Airport in an attempt to initiate daily scheduled commercial air service by a major airline for the first time since 2002.

The Port Authority has obtained in the past nine years, financing in excess of \$92,000,000 for economic development projects within Mahoning and Trumbull Counties. In the Summer of 2008, in an effort to fully utilize its abilities as a port authority to advance economic development within Mahoning and Trumbull Counties, the Port Authority established an Economic Development Division. The area's leading federal, state, county, and local public officials, as well as the area's leading active business organizations, recognize this Project as one of the area's most critical endeavors to job creation and successful economic development. With the support of these officials and organizations, coupled with significant monetary support already received or pledged from several area governmental units and community organizations, the Port Authority can dedicate additional personnel and resources toward accelerating its duty to be the cornerstone of economic development and growth for the community in the 21st century. The Economic Development Division began operations in 2009.

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 Scott Lynn, Chairman of the Board of Directors, Western Reserve Port Authority, Youngstown-Warren Regional Airport, 1453 Youngstown-Kingsville Road, NE, Vienna, Ohio, 44473.

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Western Reserve Port Authority, Ohio
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 183,646	\$ 333,136	\$ 516,782
Net Assets			
Restricted for:			
Capital Outlay	106,051	-	106,051
Other Purposes	-	-	-
Unrestricted	77,595	333,136	410,731
Total Net Assets	\$183,646	\$333,136	\$516,782

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	All Other	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$77,595	\$106,051	\$183,646
Fund Balances			
Reserved for Encumbrances	55,844	0	55,844
Unreserved and/or Undesignated	21,751	106,051	127,802
Total Fund Balances	\$77,595	\$106,051	\$183,646

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Airport Improvement Program	All Other	Total
Cash Receipts				
Operating Cash Receipts				
Fees and Charges for Services	\$ 69,016	\$ -	\$ -	\$ 69,016
Rental/Lease Income	370,644	-	-	370,644
Total Operating Cash Receipts	439,660	-	-	439,660
Non-Operating Cash Receipts				
Intergovernmental Receipts	632,152	408,390	51,300	1,091,842
Earnings on Investments	466	-	253	719
Other Cash Receipts	64,518	11,944	71,373	147,835
Total Non-Operating Cash Receipts	697,136	420,334	122,926	1,240,396
Total Cash Receipts	1,136,796	420,334	122,926	1,680,056
Cash Disbursements				
Personal Services	526,252	-	-	526,252
Materials and Supplies	47,784	-	-	47,784
Contractual Services	256,804	102,187	17,613	376,604
Travel	1,546	-	3,169	4,715
Utilities	232,134	-	-	232,134
Repair and Maintenance	43,880	-	-	43,880
Capital Outlay	-	570,288	60,000	630,288
Other Cash Disbursements	2,142	3,738	3,022	8,902
Total Cash Disbursements	1,110,542	676,213	83,804	1,870,559
Excess of Cash Receipts Over/(Under) Cash Disbursements	26,254	(255,879)	39,122	(190,503)
Other Financing Receipts and (Disbursements)				
Advances-In	3,300	-	17,040	20,340
Advances-Out	(17,040)	-	(3,300)	(20,340)
Transfers-In	-	22,550	12,000	34,550
Transfers-Out	(34,550)	-	-	(34,550)
Total Other Financing Receipts and (Disbursements)	(48,290)	22,550	25,740	-
Net Changes in Fund Cash Balances	(22,036)	(233,329)	64,862	(190,503)
Fund Cash Balances - January 1, 2009	99,631	233,329	41,189	374,149
Fund Cash Balances - December 31, 2009	\$ 77,595	\$ -	\$ 106,051	\$ 183,646

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Receipts, Disbursements, and Changes in Fund Balance -
Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Operating Receipts				
Fees and Charges for Services	\$120,980	\$68,303	\$69,017	\$714
Rental/Lease Income	401,580	370,642	370,644	2
Total Operating Receipts	522,560	438,945	439,661	716
Non-Operating Receipts				
Intergovernmental Receipts	663,967	632,865	632,152	(713)
Earnings on Investments	0	0	466	466
Other Receipts	70,956	68,321	64,518	(3,803)
Total Non-Operating Receipts	734,923	701,186	697,136	(4,050)
Total Receipts	1,257,483	1,140,131	1,136,797	(3,334)
Disbursements				
Personal Services	536,884	527,451	531,196	(3,745)
Materials and Supplies	46,203	59,169	53,722	5,447
Contractual Services	358,978	264,912	276,831	(11,919)
Travel	1,500	4,715	1,546	3,169
Utilities	302,957	250,942	254,932	(3,990)
Repair and Maintenance	62,429	44,322	46,016	(1,694)
Other Disbursements	1,000	16,242	2,142	14,100
Total Disbursements	1,309,951	1,167,753	1,166,385	1,368
Excess of Receipts Over/(Under) Disbursements	(52,468)	(27,622)	(29,589)	(1,967)
Other Financing Receipts and (Disbursements)				
Advances-In	0	3,300	3,300	0
Advances-Out	0	(17,040)	(17,040)	0
Transfers-Out	(40,868)	(34,550)	(34,550)	0
Total Other Financing Receipts and (Disbursements)	(40,868)	(48,290)	(48,290)	0
Net Changes in Fund Balance	(93,336)	(75,912)	(77,879)	(1,967)
Fund Balance - January 1, 2009	37,418	37,418	37,418	
Prior Year Encumbrances Appropriated	62,213	62,213	62,213	
Fund Balance - December 31, 2009	\$6,295	\$23,719	\$21,752	(\$1,967)

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Receipts, Disbursements, and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Airport Improvement Program Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Non-Operating Receipts				
Intergovernmental Receipts	\$ 408,390	\$ 408,390	\$ 408,390	\$ -
Other Receipts	11,944	11,944	11,944	-
Total Receipts	420,334	420,334	420,334	-
Disbursements				
Contractual Services	102,187	102,187	102,187	-
Capital Outlay	570,288	570,288	570,288	-
Other Disbursements	3,738	3,738	3,738	-
Total Disbursements	676,213	676,213	676,213	-
Excess of Receipts Over/(Under) Disbursements	(255,879)	(255,879)	(255,879)	-
Other Financing Receipts				
Transfers-In	28,868	22,550	22,550	-
Total Other Financing Receipts	28,868	22,550	22,550	-
Net Changes in Fund Balance	(227,011)	(233,329)	(233,329)	-
Fund Balance - January 1, 2009	233,329	233,329	233,329	
Prior Year Encumbrances Appropriated	-	-	-	
Fund Balance - December 31, 2009	\$ 6,318	\$ -	\$ -	\$ -

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Basis Assets and Fund Balances
Proprietary Funds
December 31, 2009

	<u>Economic Development</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 333,136</u>
Fund Balances	
Unreserved and/or Undesignated	<u>\$ 333,136</u>

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Receipts, Cash Disbursements, and
Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2009

	Conduit Debt	Economic Development	Total
Cash Receipts			
Operating Cash Receipts			
Conduit Debt - Sublease Payments	\$ 851,077	\$ -	\$ 851,077
Conduit Debt - Payments for Bonds and Loans Debt Service	4,188,742	-	4,188,742
Total Operating Cash Receipts	5,039,819	-	5,039,819
Non-Operating Cash Receipts			
Intergovernmental Receipts	-	325,000	325,000
Earnings on Investments	-	3,086	3,086
Other Cash Receipts	-	25,000	25,000
Total Non-Operating Cash Receipts	-	353,086	353,086
Total Cash Receipts	5,039,819	353,086	5,392,905
Cash Disbursements			
Personal Services	-	7,648	7,648
Contractual Services	-	60,979	60,979
Marketing and Promotions	-	1,323	1,323
Conduit Debt - Capital Lease Payments	851,077	-	851,077
Conduit Debt - Bonds and Loans Debt Service Payments	4,188,742	-	4,188,742
Other Cash Disbursements	13,941	-	13,941
Total Cash Disbursements	5,053,760	69,950	5,123,710
Net Changes in Fund Cash Balances	(13,941)	283,136	269,195
Fund Cash Balances - January 1, 2009	13,941	50,000	63,941
Fund Cash Balances - December 31, 2009	\$ -	\$ 333,136	\$ 333,136

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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 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" 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. The Port Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, to its business-type activities and its proprietary (enterprise) funds, to the extent they are applicable to the cash-basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Port Authority has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and its proprietary funds, subject to this same limitation. The Port Authority elected not to apply these FASB Statements and Interpretations. Following are the more significant of the Port Authority's accounting policies.

A. Basis of Presentation

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

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Government-Wide Financial Statements The statement of net assets and the statement of activities display information about the Port Authority as a whole. The statements distinguish between those activities of the Port Authority that are governmental and those that are considered business-type. The government-wide statement of net assets presents the cash balances of the governmental and 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 governmental activities and 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 governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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. Operating disbursements generally include costs of sales and services and administrative costs. All other receipts and disbursements are reported as non-operating. The fund statements for governmental funds and for proprietary funds report receipts as either operating or non-operating and all disbursements are considered 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 two categories of funds: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions of the Port Authority are financed. The following are the Port Authority's major governmental funds:

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

Airport Improvement Program Fund This Fund is utilized to account for the financial resources of the Port Authority's *Airport Improvement Program* Federal Assistance Grants. This Fund's receipts are received from the Federal Aviation Administration and local moneys representing matching requirements. These proceeds are only to be expended for construction and/or improvement of Port Authority airport facilities.

Other governmental funds of the Port Authority are non-major funds and are used to account for grants and other resources whose use is restricted to a particular purpose. These non-major funds are presented collectively in the accompanying financial statements.

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Proprietary Funds A fund financed primarily from user charges for goods or services is classified as proprietary. The Port Authority maintains two proprietary funds that are classified as enterprise funds.

Conduit Debt Fund This Fund is utilized to account for the conduit debt activity of the Timken Latrobe Steel Distribution Project, the EXAL Corporation Project, and the Central Waste, Inc. Project as described in Notes 8, 9, and 10.

Economic Development Fund This Fund is utilized to account for the financial resources of the Port Authority's *Economic Development Division* that was established in 2008 and began operations in 2009. This Fund's receipts are contributions received from other governmental units and organizations for advancing economic development within Mahoning and Trumbull Counties.

C. Basis of Accounting

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

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the Port Authority is pooled. Monies for all funds are 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 assets as "equity in pooled cash and cash equivalents".

The Port Authority maintained the cash balances of its funds in interest and non-interest bearing checking accounts. Interest earned from these accounts during 2009 amounted to \$3,805 of which \$466 was credited to the General Fund. A non-interest bearing checking account is maintained due to regulations prohibiting the Port Authority from earning interest on available cash balances received from several of its federal financial assistance grants.

An analysis of the Port Authority's equity in pooled cash at December 31, 2009 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, 2009 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.

G. Capital Assets

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

H. Long-Term Obligations

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

I. Accumulated Leave Time

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

J. Fund Balance Reserves

The Port Authority segregates its fund balances into two categories (1) those portions that are legally reserved for specific future use or which are not available for appropriation or disbursement in future periods, and (2) those portions that are unreserved that are available for appropriation or disbursement in future periods. Therefore, fund balance reserves have been established for encumbrances. These fund balance designations are reflected in the accompanying financial statements.

K. Net Assets Restrictions

Net assets are reported as restricted when there are limitations imposed on their 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 assets reports \$106,051 of restricted net assets for governmental activities, all of which is restricted by agreements with grantors. The net assets for business-type activities are not restricted.

The Port Authority first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

L. Interfund Activity

Non-exchange flows of cash from one fund to another are reported in the financial statements as interfund transfers. The Port Authority maintains certain federal and state programs that require the Port Authority to contribute local resources (matching funds) to support these programs. The Port Authority complied with the matching requirements of these programs by transferring \$22,500 from the General Fund into the Airport Improvement Program Fund and by transferring \$12,000 from the General Fund into the ODOT Airport Grant Program Fund. Interfund transfers are reflected as other financing sources/(uses) in the accompanying financial statements.

Flows of cash from one fund to another that are expected to be repaid within a twelve-month period are reported in the financial statements as interfund advances. The Port Authority's Small Community Air Service Development Federal Assistance Grant is funded by the Department of Transportation (DOT) on a reimbursement-type basis. The Port Authority advanced \$17,040 from the General Fund into the Small Community Air Service Development Fund to satisfy current contractual obligations of the Program. Reimbursement from the DOT is expected in 2010. In addition, the Small Community Air Service Development Fund reimbursed the General Fund \$3,300 for an advance it received from the General Fund in 2008. Interfund advances are reflected as other financing sources/(uses) in the accompanying financial statements.

M. Budgetary Process

The Ohio Revised Code requires the Board of Directors to annually prepare a budget for the Port Authority.

The Port Authority's annual budget, which is prepared on the budgetary basis of accounting, presents the Port Authority's estimated resources and appropriations for its funds for the current year, and includes outstanding encumbrances appropriated from prior years. The annual budget is reflected in the accompanying financial statements and is presented separately for each of the Port Authority's major funds and collectively for all of its non-major funds. The amounts presented in the *Original Budgeted Amounts* column of the budgetary statements reflect the Board of Directors' annual budget. The amounts presented in the *Final Budgeted Amounts* column of the budgetary statements reflect the Board of Directors' final budget resolution for the year.

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.

The 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.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2009, the Port Authority has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of Generally Accepted Accounting Principles (GAAP) for state and local governments into the GASB's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The Statement's guidance addresses three issues from the AICPA's auditing literature; related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

The implementation of GASB Statement No. 52, GASB Statement No. 55, and GASB Statement No. 56 did not affect the presentation of the financial statements and did not have an effect on the fund balances/net assets of the Port Authority as previously reported at December 31, 2008.

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes require the classification of funds 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 five-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 Accounting and Business Manager 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);
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:

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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.

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. 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 Accounting and Business Manager or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the Port Authority had no undeposited cash on hand.

B. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of the Port Authority's deposits was \$516,782 and the bank balance was \$549,800. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, \$465,341 of the Port Authority's bank balance was covered by Federal Deposit Insurance while \$84,459 of the Port Authority's bank balance was exposed to custodial credit risk as discussed below.

Custodial Credit Risk Custodial credit risk is the risk that in the event of bank failure, the Port Authority's deposits may not be returned. Protection of the Port Authority's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. The Port Authority has no policy on custodial credit risk and is governed by the Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan institutions located in Ohio. Any public depository in which the Port Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the FDIC. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legal constituted authority of any other state, or instrumentality of such county, municipal corporation, or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

C. Investments

The Port Authority did not maintain any investments in 2009.

D. Reconciliation of Cash and Investments to the Statement of Net Assets

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits with financial Institutions	<u>\$516,782</u>
<u>Equity in Pooled Cash and Cash Equivalents Per Statement of Net Assets</u>	
Governmental Activities	\$183,646
Business-Type Activities	<u>333,136</u>
Total	<u>\$516,782</u>

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, cash disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual (Budget Basis) for the Port Authority’s funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year-end encumbrances are treated as expenditures (budgetary basis) than as a reservation of fund balance (cash basis). The General Fund encumbrances outstanding at December 31, 2009 (budgetary basis) amounted to \$55,844.

NOTE 6 – CAPITAL LEASE OBLIGATIONS

The Port Authority financed the acquisition of a truck in 2007 through a leasing arrangement (cost/principal \$22,018, 60-month term, 6.75%); financed the acquisition of four HVAC units in 2007 through a leasing arrangement (cost/principal \$27,350, 60-month term, 6.08%); financed the acquisition of a hangar fan in 2008 through a leasing arrangement (cost/principal \$5,690, 24-month term, 5.91%); and financed the acquisition of two mower units in 2008 through leasing arrangements (cost/principal \$6,699, 36-month term, 5.95% and \$10,525, 60-month term, 5.93%, respectively). All of these leasing arrangements meet the criteria of capital leases as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease as one which transfers benefits and risks of ownership to the lessee.

Future payments collectively for these capital lease obligations follow:

Year	Amount
2010	\$17,697
2011	15,012
2012	4,893
2013	<u>1,016</u>
Total	<u>\$38,618</u>

The Port Authority satisfied its 2009 capital lease obligation requirements.

NOTE 7 – TRUMBULL COUNTY – GENERAL OBLIGATION LOAN

The Port Authority received on February 12, 2004, a \$150,000, zero-percent interest, general obligation loan from Trumbull County that was utilized to assist the Port Authority in providing a operational security deposit to Vacation Express Airlines necessary for the Airlines to begin its operations of providing direct commercial flights to Myrtle Beach, South Carolina and to Orlando-Sanford Airport, Florida.

Payment was not required in 2009. Future payments for this loan follow:

Date	Amount
October 1, 2010	\$50,000
October 1, 2011	<u>25,000</u>
Total	<u>\$75,000</u>

NOTE 8 – TIMKEN LATROBE STEEL DISTRIBUTION PROJECT – CAPITAL LEASE OBLIGATION

In 2000, the Port Authority participated with the State of Ohio, through the Director of the Ohio Department of Development (Director), in the Timken Latrobe Steel Distribution (Timken) Project (Project) that consisted of assisting Timken retain and expand its operations in the Mahoning Valley by providing financial resources to Timken to acquire a site, construct a building, and equip and furnish the same.

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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

The Port Authority passed through the proceeds of the Grant to the Director who administered the Project and retained ownership of the land, improvements, facilities, and equipment.

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

Payments totaling \$851,077 were made in 2009 to satisfy the current requirements of the Lease.

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

Year	Amount
2010	\$850,488
2011	854,467
2012	854,468
2013	858,502
2014	858,129
2015 – 2019	4,316,726
2020	<u>360,703</u>
Total	<u>\$8,953,483</u>

NOTE 9 – EXAL CORPORATION PROJECT – CONDUIT DEBT OBLIGATION

In 2006, the Port Authority participated with the State of Ohio, through the Director of the Ohio Department of Development (Director), and the Summit County Port Authority (SC Port Authority) in the EXAL Corporation (EXAL) Project (Project) that consisted of assisting EXAL expand its operations in the Mahoning Valley by providing financial resources to EXAL for the construction of a 178,000 square foot manufacturing facility and equipping and furnishing the same.

The Director obtained \$5,000,000 in State Economic Development Revenue Bonds (5.42% - 10 Years) through the Ohio Enterprise Bond Fund Program, and obtained a \$2,000,000 Loan (3% - 10 Years) from ODOD's 166 Direct Loan Program. The SC Port Authority obtained \$3,000,000 in Economic Development Revenue Bonds (5.75% - 10 Years) through the Summit County Bond Fund Program

The Port Authority's involvement in the Project consisted of receiving the proceeds of the Bonds and the Loan and passing through those proceeds to EXAL. Semiannual payments by EXAL to the Port Authority that are passed-through by the Port Authority to the Director and the SC Port Authority meet the amounts needed to service the debt, including interest and fiscal charges, on the Bonds and the Loan. In the event of default by EXAL, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bonds and Loan. The Bonds and the Loan are secured on a pari passu, shared first mortgage, on the property/assets acquired by EXAL from the proceeds of the Bonds and the Loan.

Payments totaling \$1,318,117 were made in 2009 to satisfy the current principal and interest requirements of the Bonds and Loan.

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Future debt service of principal and interest to be paid by EXAL to the Port Authority, and subsequently paid by the Port Authority to the Director, follow:

Year	Amount
2010	\$908,856
2011	907,556
2012	905,464
2013	904,906
2014	900,049
2015 – 2016	<u>1,232,009</u>
Total	<u>\$5,758,840</u>

Future debt service of principal and interest to be paid by EXAL to the Port Authority, and subsequently paid by the Port Authority to the Summit County Port Authority, follow:

Year	Amount
2010	\$400,463
2011	399,219
2012	401,969
2013	403,569
2014	404,019
2015 – 2016	<u>618,925</u>
Total	<u>\$2,628,164</u>

NOTE 10 – CENTRAL WASTE, INC. PROJECT – CONDUIT DEBT OBLIGATION

In 2007, the Port Authority participated with the State of Ohio, through the Director of the Ohio Department of Development (Director), in the Central Waste, Inc. (Central Waste) Project (Project) that consisted of assisting Central Waste expand its operations in the Mahoning Valley by providing financial resources to Central Waste to establish a solid waste landfill including costs for site acquisition, construction and installation of solid waste disposal facilities, and related equipment purchases.

The Port Authority's involvement in the Project consisted of obtaining \$40,000,000 in Solid Waste Facility Revenue Bonds (Series 2007A Bonds) (\$12,750,000 @ 6.1% - 20 years and \$27,250,000 @ 6.35% - 20 years) through the Ohio Enterprise Bond Fund, and obtaining \$5,000,000 in Subordinate Solid Waste Facility Revenue Bonds (Series 2007B Bonds) (7.25% - 20 years) through the Ohio Enterprise Bond Fund. The Port Authority passed through the proceeds of the Bond issuances to the Director who administered the Project.

The Director let a 20-year loan to Central Waste for site acquisition, construction and installation of solid waste disposal facilities, and equipment purchases. Annual payments by Central Waste to the Port Authority that are passed-through by the Port Authority to the Director meet the amounts needed to service the debt, including interest and fiscal charges, on the Bonds. In the event of default by Central Waste, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bonds. The Bonds are secured by a first mortgage on the property/assets acquired by Central Waste from the proceeds of the Bonds.

Payments totaling \$2,870,625 were made in 2009 to satisfy the current principal and interest requirements of the Bonds.

Future debt service of principal and interest to be paid by Central Waste to the Port Authority, and subsequently paid by the Port Authority to the Director, follow:

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Year	Amount
2010	\$4,300,625
2011	4,301,728
2012	4,297,225
2013	4,297,118
2014	4,295,795
2015 – 2019	21,433,283
2020 – 2024	21,340,663
2025 – 2027	<u>12,811,905</u>
 Total	 <u>\$77,078,342</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

The following information was provided by the Ohio Public Employees Retirement System (OPERS) to assist the Port Authority in complying with GASB Statement No.27, "Accounting for Pensions by State and Local Government Employers".

Plan Description All employees of the Port Authority participate in one of the three pension plans administered by OPERS: the *Traditional Pension Plan*, the *Member-Directed Plan*, and the *Combined Plan*. The *Traditional Pension Plan* is a cost-sharing, multiple-employer defined benefit pension plan. The *Member-Directed Plan* is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the *Member-Directed Plan*, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings thereon. The *Combined Plan* is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the *Combined Plan*, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the *Traditional Pension Plan* benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the *Member-Directed Plan*.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the *Traditional Pension* and *Combined Plans*. Members of the *Member-Directed Plan* do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009, employee and employer contribution rates were consistent across all three *Plans*. The 2009 employee contribution rate was 10%. The 2009 employer contribution rate for local government employer units was 14%, of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the Port Authority's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For 2009, from January 1 through March 31, 7% of annual covered salary was the portion used to fund pension obligations, and from April 1 through December 31, 8.5% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the Port Authority are established and may be amended by the OPERS Board. The Port Authority's required contributions for pension obligations to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$57,669, \$61,313, and \$60,139, respectively, which were equal to the required contributions for each year.

NOTE 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description OPERS administers three separate pension plans: the *Traditional Pension Plan* - a cost-sharing, multiple-employer defined benefit pension plan; the *Member-Directed Plan* - a defined contribution plan; and the *Combined Plan* - a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

OPERS maintains a cost-sharing, multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, a prescription drug program, and Medicare Part B Premium reimbursement, to qualifying members of both the *Traditional Pension* and the *Combined Plans*. Members of the *Member-Directed Plan* do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the *Traditional Pension* and *Combined Plans* must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Post-Employment Benefit (OPEB) as described in *GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Other Than Pensions"*.

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.

The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, local government employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 % of covered payroll for local government employers. Active members do not contribute to the OPEB Plan.

The OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2009, the employer contribution allocated to the Health Care Plan was 7 % of covered payroll from January 1 through March 31 and 5.5% from April 1 through December 31. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Port Authority's contributions for health care to the OPERS for the years ending December 31, 2009, 2008, and 2007, were \$18,653, \$25,247, and \$16,387, respectively, which were equal to the required contributions for each year.

Other Information The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the Health Care Plan.

NOTE 13 – CONTINGENT LIABILITIES

A. Pending Litigation

The Port Authority is a party to legal proceedings. However, Port Authority management is of the opinion that ultimate disposition of these claims and proceedings will not have a material effect, if any, on the overall financial position of the Port Authority.

B. Compliance

The Port Authority receives assistance from federal and state 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 General Fund or any other applicable funds. 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, 2009.

The Port Authority did not always certify funds before incurring an obligation as required by Ohio Revised Code 5705.41(D).

NOTE 14 – 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; and natural disaster. The Port Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles and general airport liability. Vehicle policies include liability coverage for bodily injury and property damage. Real property and building contents are 90% coinsured.

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

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

Western Reserve Port Authority, Ohio
Schedule of Federal Award Expenditures
For the Year Ended December 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	Entity/Grant Identifier Number	CFDA Number	Receipts	Expenditures
U.S. Department of Transportation				
Small Community Air Service Development Program	OST-2007-27370-112	20.930	\$3,300	\$3,300
U.S. Department of Transportation/ Federal Aviation Administration:				
Airport Improvement Program	3-39-0096-3105	20.106	19,190	19,190
	3-39-0096-3407	20.106	89,201	89,201
	3-39-0096-3508	20.106	238,658	238,658
	3-39-0096-3608	20.106	1,084	234,483
	3-39-0096-3709	20.106	<u>60,257</u>	<u>60,257</u>
Total Airport Improvement Program			408,390	641,789
U.S. Department of Homeland Security				
Law Enforcement Officer Reimbursement Agreement Program	HSTS0208HSLR357	97.090	<u>15,192</u>	<u>15,192</u>
Total Federal Financial Assistance			<u>\$426,882</u>	<u>\$660,281</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures.

Western Reserve Port Authority, Ohio
Notes to the Schedule of Federal Award Expenditures
For the Year Ended December 31, 2009

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying *Schedule of Federal Awards Expenditures* (the Schedule) summarizes the activity of the Port Authority's federal awards programs. The Schedule is presented on the cash-basis of accounting.

NOTE 2 – 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, Ohio
Schedule of Passenger Facility Charges Collected and Expended
For the Year Ended December 31, 2009

Passenger Facility Charges Collected	\$71,372
Interest Earnings	<u>253</u>
Total	71,625
Passenger Facility Charges Expended	<u>(6,763)</u>
Increase in Unexpended Passenger Facility Charges	64,862
Unexpended Passenger Facility Charges – January 1, 2009	<u>41,189</u>
Unexpended Passenger Facility Charges – December 31, 2009	<u>\$106,051</u>

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

Western Reserve Port Authority, Ohio
*Note to the Schedule of Passenger Facility Charges
Collected and Expended
For the Year Ended December 31, 2009*

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, has been granted FAA approval for its Application #5, which allows the Airport to assess a PFC for each passenger, at a rate of \$4.50, for the period April 1, 2007 through September 1, 2012.

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.

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of Directors:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Reserve Port Authority (the Port Authority) as of and for the year ended December 31, 2009, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated August 12, 2010, wherein we noted the Port Authority uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Port Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Port Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Port Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Port Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Western Reserve Port Authority
Trumbull County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Port Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted a certain other matter not requiring inclusion in this report that we reported to the Port Authority's management in a separate letter dated August 12, 2010.

The Port Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Port Authority's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 12, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Directors:

Compliance

We have audited the compliance of Western Reserve Port Authority, Trumbull County, (the Port Authority), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Port Authority's major federal program. The Port Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Port Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Port Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Port Authority's compliance with those requirements.

In our opinion, Western Reserve Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The Port Authority's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Port Authority's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Port's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949
www.auditor.state.oh.us

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

August 12, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Directors:

Compliance

We have audited the compliance of Western Reserve Port Authority, Trumbull County, with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2009. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Western Reserve Port Authority's management. Our responsibility is to express an opinion on Western Reserve Port Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program. An audit includes examining, on a test basis, evidence about Western Reserve Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Western Reserve Port Authority's compliance with those requirements.

In our opinion, Western Reserve Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Western Reserve Port Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to its passenger facility charge program. In planning and performing our audit, we considered Western Reserve Port Authority's internal control over compliance with requirements that could have a direct and material effect on its passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Port's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with provisions of the passenger facility charge program compliance requirement. *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 program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 12, 2010

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

1. Non-Compliance Citation - Purchase Order Certifications

Finding Number	2009-001
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NONCOMPLIANCE

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order involving the expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Blanket Certificate: Fiscal officers may prepare so-called "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate: In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year or, in the case of counties, beyond the quarterly spending plan established by the county commissioners. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

We found that in 17 out of 68 vouchers (25%) tested in the non payroll disbursement section the invoice date came before the purchase order date. Therefore, the Port Authority did not certify the funds prior to incurring the obligation. In addition, the Port did not utilize the certification exceptions described above for those expenditures lacking prior certification.

We recommend the Port Authority certify the availability of funds prior to expenditures being made. When prior certification is not feasible, we encourage the Port Authority to utilize "Then and Now" certificates to ensure that purchases are certified upon entering into a contract or order involving the expenditure of the Port Authority's money as per the requirements set forth in Ohio Rev. Code Section 5705.41 (D).

Official's Response:

The Port Authority has addressed and corrected this non-compliance issue as of August 2010.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Non compliance citation Ohio Revised Code Section 5705.41 (D) – Not properly certifying the availability of funds.	No	Not Corrected, repeated as finding 2009-001



Mary Taylor, CPA
Auditor of State

WESTERN RESERVE PORT AUTHORITY

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2010**