



OHIO AUDITOR OF STATE
KEITH FABER



**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the cash basis financial statements of the Western Reserve Port Authority, Trumbull County, Ohio (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's cash basis financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Western Reserve Port Authority, Trumbull County, Ohio as of December 31, 2022, and the respective changes in the cash basis financial position thereof for the year then ended in accordance with the cash basis accounting principles described in Note 2.

Cash Basis for Opinion

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

Emphasis of Matter - Accounting Basis

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

Emphasis of Matter

As discussed in Note 27 to the cash basis financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's cash basis financial statements. The Schedule of Passenger Facility Charges Collected and Expended is required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. The Schedule of Passenger Facility Charges Collected and Expended, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and is not a required part of the cash basis financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the cash basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the cash basis financial statements or to the cash basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Collected and Expended, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the cash basis financial statements as a whole.

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2025, on our consideration of the 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 10, 2025

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Trumbull County
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**WESTERN RESERVE PORT AUTHORITY
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The Management's Discussion and Analysis of the Western Reserve Port Authority (Port Authority) financial performance provides an overall narrative review and analysis of the Port Authority's financial activities for the year ended December 31, 2022, within the limitations of the Port Authority's cash-basis of accounting. The intent of this Discussion and Analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

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

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Financial Highlights

Table 2, Statement of Activities (Cash Basis), provides a comparison of receipts, disbursements, and changes in net position for 2022 and 2021. An analysis of Table 2 reflects the following key financial highlights for 2022:

Net position of business-type activities at December 31, 2022 increased \$839,043, or 40%, from December 31, 2021. This significant increase was primarily the result of:

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- 1) the Port Authority Fund realizing in 2022 an increase in net position of \$640,526, or 72%, from 2021 due primarily to (A) an increase of \$469,589 in lodging tax receipts from Mahoning and Trumbull Counties in 2022 over 2021 (due to COVID-19 Pandemic's significant negative impact on lodging activity in 2020 and the beginning of the recovery in late 2021), (B) an increase of \$210,000 in sale of assets in 2022 over 2021 (due to sale of real property to the Army Corps of Engineers in 2022 for expansion at the Youngstown Air Reserve Station), (C) a decrease of \$423,500 in capital outlay in 2022 under 2021 (due to the acquisition of the real property in 2021 that was sold to the Army Corps of Engineers in 2022, all of which was offset by (D) an increase of \$450,000 in interfund transfers-out in 2022 over 2021 (due to an increase to the Aviation Development Fund in 2022 for capital improvement projects). Note that the Port Authority Fund realized an increase in net position of \$33,384 in 2021 over 2020, an increase in net position of \$148,270 in 2020 over 2019, and an increase in net position of \$135,612 in 2019 over 2018;
- 2) the Aviation Fund realizing in 2022 an increase in net position of \$43,073, or 50%, from 2021 due primarily to (A) an increase in rental/lease income of \$97,403 in 2022 over 2021 (due to an increase in leased property at the Airport), (B) an increase of \$929,638 in intergovernmental receipts in 2022 over 2021 (due to the receipt of \$1,253,380 in FAA Airport Improvement Program Federal Assistance Grants in 2022 as compared to \$323,742 in 2021), (C) an increase of \$813,613 in sale of assets in 2022 over 2021 (due primarily to the \$625,740 sale of a facility and \$175,000 from timber harvesting in 2022) and (D) a decrease of \$1,360,796 in debt service in 2022 under 2021 (due primarily to principal payments paid in 2022 of \$285,570 and \$619,807, respectively, to retire the Series 2012(A) and Series 2012(B) Development Revenue Bonds as compared to the principal payment paid in 2021 of \$2,295,709 to refund the Series 2011 Development Revenue Bond), and (E) an increase of \$450,000 in interfund transfers-in in 2022 over 2021 (due to an increase from the Port Authority Fund needed for capital improvement projects in 2022), all of which was offset by (F) an increase of \$165,835 in personal services in 2022 over 2021 (due to the addition of three employees in the Aviation Division in 2022), (G) an increase of \$40,609 in materials and supplies disbursements in 2022 over 2021 (due primarily to the timing of purchasing winter deicing materials and airfield marking materials), (H) an increase of \$42,354 in contractual service disbursements in 2022 over 2021 (primarily engineering fees funded by FAA Airport Improvement Program Federal Assistance Grants and required matching), (I) an increase of \$62,894 in repairs and maintenance disbursements in 2022 over 2021 (due primarily to an increase in maintenance projects resultant of the addition of three employees in the Airport Maintenance Department), (J) an increase of \$1,082,613 in capital outlay disbursements in 2022 over 2021 (primarily capital improvement projects funded by FAA Airport Improvement Program Federal Assistance Grants and required matching), and (K) a decrease of \$2,050,000 in proceeds from debt in 2022 under 2021 (due to issuing a \$2,050,000 Development Revenue Refunding Bond in 2021 to refund the Series 2011 Development Revenue Bond). Note that the Aviation Fund realized a decrease in net position of \$167,789 in 2021 over 2020, an increase in net position of \$15,012 in 2020 over 2019, and a decrease in net position of \$128,012 in 2019 under 2018; and
- 3) the Economic Development Fund realizing in 2022 an increase in net position of \$155,444, or 14%, from 2021 due primarily to (A) an increase in intergovernmental receipts of \$1,745,000 in 2022 over 2021 (due to the receipt of a \$1,745,000 ARPA Grant passed through Mahoning County for capital improvements at the Mahoning County Campus of Care), (B) an increase of \$710,433 in sale of assets in 2022 over 2021 (due to the \$110,000 sale of a facility and the \$600,433 sale of scrap materials in 2022), (C) an increase in rental/lease income of \$182,039 in 2022 over 2021 (due primarily to an increase in leased property at the Campus of Care and the realization of leased property at the newly acquired RG Steel site), and (D) an increase of \$49,022 in fees and charges for services receipts in 2022 over 2021 (due primarily to an increase of in the number and monetary size of administrative fees for capital lease projects in 2022 over 2021), all of which was offset by (E) an increase of \$881,510 in capital outlay disbursements in 2022 over 2021 (due primarily to capital improvements at the Campus of Care in 2022 of \$920,922 funded by the ARPA Grant (\$733,722) and a FY22 State Capital Grant (\$187,200),

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(F) a decrease in other cash receipts of \$343,771 in 2022 under 2021 (due primarily to a decrease of \$752,102 in reimbursement of Campus of Care operational costs by Mahoning County in 2022 under 2021 offset by a \$287,509 insurance claim received in 2022 and \$81,530 in utility reimbursements from Campus of Care tenants in 2022), (G) an increase of \$164,838 in repairs and maintenance disbursements in 2022 over 2021 (due primarily to an increase of \$118,434 in repairs and maintenance expended for the Campus of Care in 2022 over 2021 which was reimbursed by Mahoning County and \$49,284 in repairs and maintenance at the RG Steel site in 2022), (H) an increase of \$78,502 in materials and supplies in 2022 over 2021 (due to the acquisition of equipment and materials needed for the maintenance shop at the RG Steel site in 2022), (I) an increase of \$46,094 in personal services in 2022 over 2021 (due to the addition of an employee in the Economic Development Division in 2022), and (J) an increase in utilities of \$43,594 in 2022 over 2021 (due to the utilities used at the RG Steel site in 2022). Note that the Economic Development Fund realized a decrease in net position of \$893,301 in 2021 under 2020, an increase in net position of \$1,387,209 in 2020 over 2019, and an increase in net position of \$484,962 in 2019 over 2018.

The Port Authority had total receipts of \$9,438,227 (excluding Interfund Transfers-In). Program specific receipts accounted for \$4,649,491, or 49%, of total receipts. General receipts accounted for \$4,788,736, or 51%, of total receipts. Program specific receipts for governmental activities are primarily 1) fees and charges for services, 2) rental and lease income, and 3) intergovernmental receipts consisting of grants from other governmental units that must be used to provide a specific service. These receipts represent respectively 10%, 25%, and 65% of total program specific receipts. General receipts for governmental activities are primarily 1) intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations, 2) sale of assets, (3) other cash receipts of which 40% is insurance claim payments and 32% is reimbursement for disbursements made on behalf of other government agencies, and 4) earnings on investments and passenger facility charges. These receipts represent respectively 48%, 36%, 15%, and <1% of total general receipts.

The Port Authority had total disbursements of \$8,599,184 (excluding Interfund Transfers-Out). Capital outlay represents 44% of total disbursements and is comprised of real property acquisition, facility construction, capital improvement, and equipment replacement projects. Personal services represent 17% of total disbursements and is comprised of payroll and benefit related costs. Debt service represents 16% of total disbursements, of which 66% is comprised of extinguishing two airport development revenue bonds. Contractual services represent 9% of total disbursements and is comprised of costs of services, such as insurance, security, marketing, legal, and consulting, which are provided by contracted third-parties. Repairs and maintenance, materials and supplies, and utilities of facilities represents 5%, 4%, and 3% of total disbursements, respectively. All other disbursements represent <2% of total disbursements.

Reporting the Port Authority as a Whole

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

The *Statement of Net Position – Cash Basis* and the *Statement of Activities – Cash Basis* reflect how the Port Authority did financially during 2022, within the limitations of cash-basis of accounting.

The *Statement of Net Position – Cash Basis* presents cash balances and investments of the Port Authority at year-end. The *Statement of Activities – Cash Basis* compares cash disbursements with program specific receipts for each business-type activity. Program specific receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program.

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General receipts are all receipts not classified as program specific receipts. The comparison of cash disbursements with program receipts identifies how each business-type activity draws from the Port Authority's general receipts. These statements report the Port Authority's cash position and the changes in cash position. Keeping in mind the limitations of the cash-basis of accounting, you may think of these changes as one way to measure the Port Authority's financial health.

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

Reporting the Port Authority Funds

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

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

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

Port Authority as a Whole

Table 1 provides a comparison of net position at December 31, 2022 and December 31, 2021 on a cash-basis of accounting.

Table 1 - Statement of Net Position - Cash Basis

	Port Authority Fund		Aviation Fund		Economic Development Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
ASSETS								
Cash and Cash Equivalents	\$ 1,526,528	\$ 886,002	\$ 128,575	\$ 85,502	\$ 1,304,789	\$ 1,149,345	\$ 2,959,892	\$ 2,120,849
Total Assets	\$ 1,526,528	\$ 886,002	\$ 128,575	\$ 85,502	\$ 1,304,789	\$ 1,149,345	\$ 2,959,892	\$ 2,120,849
NET POSITION								
Restricted:								
Capital Outlay	-	-	\$ 75,149	\$ 62,652	956,744	-	\$ 1,031,893	\$ 62,652
Debt Services	-	-	-	-	-	-	-	-
Other Purposes	-	-	5,875	5,775	-	-	5,875	5,775
Assigned:								
Airport Operations	-	-	47,551	17,075	-	-	47,551	17,075
ED Operations	-	-	-	-	348,045	1,149,345	348,045	1,149,345
Unrestricted	1,526,528	886,002	-	-	-	-	1,526,528	886,002
Total Net Position	\$ 1,526,528	\$ 886,002	\$ 128,575	\$ 85,502	\$ 1,304,789	\$ 1,149,345	\$ 2,959,892	\$ 2,120,849

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

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The Port Authority's total unrestricted net position was \$1,922,124 at December 31, 2022 as compared to \$2,052,422 at December 31, 2021, a decrease of \$130,298, or 6%. This decrease portrays a slightly weaker cash position for the Port Authority at December 31, 2022 than at December 31, 2021 although the decrease was primarily due to the Port Authority continued investment in 1) Airport capital improvement projects that will facilitate attracting additional airlines, tenants, and users of the Airport, 2) facility acquisition and capital improvement projects that will increase rental/lease income in the future, and 3) catalyst projects in targeted nodes of redevelopment opportunities that, with our economic development partners, will further redevelopment in strategically identified commercial corridors.

The Port Authority's total net position was \$2,959,892 at December 31, 2022 as compared to \$2,120,849 at December 31, 2021, an increase of \$839,043.

Table 2 provides a comparison of changes in net position for 2022 and 2021 on a cash-basis of accounting.

Table 2 - Statement of Activities - Cash Basis

Receipts	Port Authority Fund		Aviation Fund		Economic Development Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Program Receipts								
Charges for Services	\$ 372,000	\$ 372,000	\$ 713,470	\$ 621,025	\$ 565,641	\$ 334,580	\$ 1,651,111	\$ 1,327,605
Operating Grants and Contributions	-	-	-	23,000	-	-	-	23,000
Capital Grants and Contributions	-	-	1,253,380	300,742	1,745,000	-	2,998,380	300,742
Total Program Receipts	372,000	372,000	1,966,850	944,767	2,310,641	334,580	4,649,491	1,651,347
General Receipts								
Grants & Entitlements not Restricted to specific programs	2,277,774	1,808,185	-	-	-	-	2,277,774	1,808,185
Investment Income	-	-	16,242	1,540	33,771	4,266	50,013	5,806
Proceed from Debt	-	-	-	2,050,000	-	-	-	2,050,000
Gain (Loss) on Sale of Capital Assets	210,000	-	813,989	800	710,433	-	1,734,422	800
All Other Revenues	585	1,423	72,828	59,614	653,114	996,885	726,527	1,057,922
Transfers In	-	-	1,605,000	1,155,000	300,000	300,000	1,905,000	1,455,000
Total General Receipts	2,488,359	1,809,608	2,508,059	3,266,954	1,697,318	1,301,151	6,693,736	6,377,713
Total Receipts	2,860,359	2,181,608	4,474,909	4,211,721	4,007,959	1,635,731	11,343,227	8,029,060
Disbursements								
Personal Services	202,456	167,681	791,284	625,449	442,694	396,600	1,436,434	1,189,730
Materials and Supplies	9,663	6,138	210,856	170,247	99,981	21,479	320,500	197,864
Contractual Services	65,795	63,459	336,318	293,964	365,368	382,200	767,481	739,623
Conferences and Travel	9,354	5,985	11,188	21,369	20,142	14,555	40,684	41,909
Utilities	900	1,050	191,297	191,418	55,559	11,965	247,756	204,433
Repair and Maintenance	-	-	110,976	48,082	292,156	127,318	403,132	175,400
Capital Outlay	-	423,500	1,406,644	324,031	2,395,563	1,514,053	3,802,207	2,261,584
Facility Leases	-	-	-	-	48,252	51,975	48,252	51,975
Debt Service	-	-	1,341,930	2,702,726	-	-	1,341,930	2,702,726
Other Cash Disbursements	26,665	25,411	31,343	2,224	132,800	8,887	190,808	36,522
Transfers Out	1,905,000	1,455,000	-	-	-	-	1,905,000	1,455,000
Total Disbursements	2,219,833	2,148,224	4,431,836	4,379,510	3,852,515	2,529,032	10,504,184	9,056,766
Increase/(Decrease) in Net Position	640,526	33,384	43,073	(167,789)	155,444	(893,301)	839,043	(1,027,706)
Net Position at January 1	886,002	852,618	85,502	253,291	1,149,345	2,042,646	2,120,849	3,148,555
Net Position at December 31	\$ 1,526,528	\$ 886,002	\$ 128,575	\$ 85,502	\$ 1,304,789	\$ 1,149,345	\$ 2,959,892	\$ 2,120,849

Program specific receipts represent 49% of total receipts (excluding Interfund Transfers-In) of which 36% is comprised of charges for services (fees and charges for services, and rental and lease income) and 64% is comprised of intergovernmental receipts consisting of restricted grants from other governmental units that must be used to provide a specific service.

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General receipts represent 51% of total receipts (excluding Interfund Transfers-In) of which 47% is comprised of intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations, 36% is comprised of sale of assets, 6% is comprised of insurance claim payments, 5% is comprised of reimbursement by Mahoning County for Campus of Care operational costs, and 6% is comprised of, depository interest earnings, passenger facility charges collections, reimbursement of administrative costs received from capital grants, reimbursement of utility costs received from tenants, and other miscellaneous receipts.

The *Net Cost of Services* of \$3,949,693 represents total disbursements (excluding Interfund Transfers-Out) of \$8,599,184 less program specific receipts of \$4,649,491. The *Net Cost of Services* represents the costs of the services, which ends up being paid primarily from general receipts (subsidies provided by Mahoning and Trumbull Counties, investment earnings, sale of assets, passenger facility charges, reimbursements, and other miscellaneous receipts). Therefore, dependence upon general receipts is apparent as 46% of total disbursements (excluding Interfund Transfers-Out) were supported through general receipts. However, an indicator of whether the Port Authority's financial health is improving or deteriorating is its reliance on fund balances available at January 1. In 2022, the Port Authority's total net position increased \$839,043, therefore, 0% of total disbursements (excluding Interfund Transfers-Out) were supported from fund balances available at January 1 as compared to \$1,027,706, or 14%, in 2021.

This decrease in 2022 from 2021 in reliance on fund balances available at January 1 suggests an improvement in the Port Authority's financial condition. Also, when evaluating financial health, one must also consider investment in capital assets. In 2022, the Port Authority invested \$3,802,207, or 44% of total disbursements for the acquisition and improvement of capital assets. This investment will increase rental and lease income in the future the result of which will improve the Port Authority's financial condition.

Capital Assets and Debt Administration

Capital Assets - The Port Authority does not currently maintain tracking of its capital assets and infrastructure although Management anticipates acquiring software to begin this performance in 2023. However, the Port Authority does maintain an *Airport Capital Improvement Plan* and a *10-Year Master Plan* that collectively are the primary planning tools for systematically identifying, prioritizing, and estimating costs for critical development and associated capital needs of the Airport. In addition, the *Airport Capital Improvement Plan* presents the Airport's warranted and eligible capital assets and infrastructure needs as identified by the Airport's Sponsors, State of Ohio Aviation Officials, and the Federal Aviation Administration (FAA) and is contained in the FAA's National Plan of Integrated Airport Systems. The *10-Year Master Plan* is available for viewing on the Port Authority's Website at www.yngairport.com.

Debt Administration - The Port Authority's outstanding debt at December 31, 2022 for capital projects is \$3,001,547, \$2,763,906 principal and \$237,641 interest, consisting of 1) \$189,537 of principal remaining for a 10-year Development Revenue Bond, 3.987%, issued in 2013 to provide financial resources for the construction of a wheeled-vehicle maintenance building. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the wheeled-vehicle maintenance building; 2) \$373,194 of principal remaining for a 10-year Development Revenue Bond, 2.815%, issued in 2014 to provide financial resources for the construction of a 14-unit T-Hangar. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the T-Hangar; 3) \$335,333 of principal remaining for a 10-year Development Revenue Bond, 2.955%, issued in 2014 to provide financial resources for the replacement of the Airport Terminal's electrical substation and stand-by generator. Amounts needed to service this debt, including interest and fiscal charges, will be derived from revenues (fees, charges, and rents) generated from the Terminal; and 4) \$1,865,842 of principal remaining for a 10-year Development Revenue Refunding Bond, 2.25%, issued in 2021 to refund an Airport Development Revenue Bonds (Series 2011) which was issued to provide financial resources for the construction and/or improvement of Port Authority Airport facilities. Amounts needed to service this debt, including interest and fiscal charges, will be derived from Passenger Facility Charges (PFCs) that are assessed to each enplaning commercial airline passenger as approved by the Federal Aviation

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Administration and from Airport revenues (fees, charges, and rents) generated from facilities of which the construction and/or improvement thereof were financed by the proceeds of the original Airport Development Revenue Bonds (Series 2011).

The Port Authority's outstanding debt, principal only, at December 31, 2022 for conduit debt arrangements is \$68,156,441, consisting of \$1,451,000 as related to the Southern Park Mall Project, \$1,131,450 as related to the Pittsburgh Institute of Aeronautics Project, \$13,710,720 as related to the YSU Enclave Project, \$11,500,000 as related to the Stambaugh Hotel Project, \$9,588,393 as related to the Campus Lofts Project, \$3,761,573 as related to the Trailstar Manufacturing Warehouse Project, \$8,571,310 as related to the University Edge Phase III Project, \$3,756,678 as related to the South Park Square Project, \$10,000,000 as related to the Briarfield Place Project, and \$4,685,317 as related to the Mane Health Project. However, debt service obligations for all conduit debt arrangements are made directly from owners of these Projects to the trustees of such debt obligations and do not pass-through the Port Authority.

Fund Budgeting

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

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

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

Contacting the Port Authority's Management

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

WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO
STATEMENT OF NET POSITION – CASH BASIS
DECEMBER 31, 2022

	Port Authority	Aviation	Economic Development	Total Business- Type Activities
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,526,528	\$128,575	\$1,304,789	\$2,959,892
Total Assets	\$1,526,528	\$128,575	\$1,304,789	\$2,959,892
Net Position				
Restricted for:				
Capital Outlay	\$0	\$75,149	\$956,744	\$1,031,893
Other Purposes	0	5,875	0	5,875
Unrestricted	1,526,528	47,551	348,045	1,922,124
Total Net Position	\$1,526,528	\$128,575	\$1,304,789	\$2,959,892

See accompanying Notes to the Basic Financial Statements.

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO
STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Cash Receipts				Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Business-Type Activities					
Port Authority	\$314,833	\$372,000	\$0	\$0	\$57,167
Aviation	4,431,836	713,470	0	1,253,380	(2,464,986)
Economic Development	3,852,515	565,641	0	1,745,000	(1,541,874)
Total Business-Type Activities	<u>\$8,599,184</u>	<u>\$1,651,111</u>	<u>\$0</u>	<u>\$2,998,380</u>	<u>(3,949,693)</u>
 General Receipts					
Grants and Entitlements not Restricted to Specific Programs				2,277,774	
Investment Earnings				50,013	
Sale of Assets				1,734,422	
Passenger Facility Charges				4,820	
Miscellaneous Receipts				<u>721,107</u>	
Total General Receipts				<u>4,788,736</u>	
Changes in Net Position				839,043	
Net Position - January 1, 2022				<u>2,120,849</u>	
Net Position - December 31, 2022				<u>\$2,959,892</u>	

See accompanying Notes to the Basic Financial Statements.

WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO
STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Port Authority	Aviation	Economic Development	Total Enterprise Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,526,528	\$128,575	\$1,304,789	\$2,959,892
Total Assets	\$1,526,528	\$128,575	\$1,304,789	\$2,959,892
Fund Balances				
Restricted for:				
Capital Outlay	\$0	\$75,149	\$956,744	\$1,031,893
Deposits	0	5,875	0	5,875
Committed for:				
Encumbrances	0	6,544	96,176	102,720
Assigned for:				
Airport Operations	0	41,007	0	41,007
Economic Development Operations	0	0	251,869	251,869
Unassigned	1,526,528	0	0	1,526,528
Total Net Position	\$1,526,528	\$128,575	\$1,304,789	\$2,959,892

See accompanying Notes to the Basic Financial Statements.

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND NET POSITION – CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Port Authority	Aviation	Economic Development	Total
Operating Cash Receipts				
Fees and Charges for Services	\$0	\$218,731	\$256,150	\$474,881
Rental/Lease Income	372,000	494,739	309,491	1,176,230
Total Operating Cash Receipts	372,000	713,470	565,641	1,651,111
Operating Cash Disbursements				
Personal Services	202,456	791,284	442,694	1,436,434
Materials and Supplies	9,663	210,856	99,981	320,500
Contractual Services	65,795	336,318	365,368	767,481
Conferences and Travel	9,354	11,188	20,142	40,684
Utilities	900	191,297	55,559	247,756
Repairs and Maintenance	0	110,976	292,156	403,132
Facility Lease	0	0	48,252	48,252
Capital Outlay	0	1,406,644	2,395,563	3,802,207
Debt Service	0	1,341,930	0	1,341,930
Other Cash Disbursements	26,665	31,343	132,800	190,808
Total Operating Cash Disbursements	314,833	4,431,836	3,852,515	8,599,184
Operating Income/(Loss)	57,167	(3,718,366)	(3,286,874)	(6,948,073)
Non-Operating Cash Receipts				
Intergovernmental Receipts	2,277,774	1,253,380	1,745,000	5,276,154
Earnings on Investments	0	16,242	33,771	50,013
Sale of Assets	210,000	813,989	710,433	1,734,422
Passenger Facility Charges	0	4,820	0	4,820
Other Cash Receipts	585	68,008	653,114	721,707
Total Non-Operating Cash Receipts	2,488,359	2,156,439	3,142,318	7,787,116
Transfers-In	0	1,605,000	300,000	1,905,000
Transfers-Out	(1,905,000)	0	0	(1,905,000)
Change in Net Position	640,526	43,073	155,444	839,043
Net Position - January 1, 2022	886,002	85,502	1,149,345	2,120,849
Net Position - December 31, 2022	\$1,526,528	\$128,575	\$1,304,789	\$2,959,892

See accompanying Notes to the Basic Financial Statements.

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Reporting Entity

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THECASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

A. Basis of Presentation

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

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

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

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

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

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

B. Fund Accounting

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

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

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

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

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

C. Basis of Accounting

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

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

D. Cash and Cash Equivalents

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

All of the Port Authority's cash and cash equivalents are maintained in interest and non-interest-bearing checking accounts with the exception of \$450 of cash-on-hand. Interest earned from these accounts during 2022 amounted to \$50,013 of which \$16,242 was credited to the Aviation Fund and \$33,771 credited to the Economic Development Fund. Non-interest-bearing checking accounts are maintained due to regulations prohibiting the Port Authority from earning interest on available cash balances received from several of its federal financial assistance grants or clearing accounts established for short-term depository activity and/or pursuant to contractual agreements.

An analysis of the Port Authority's equity in cash and cash equivalents at December 31, 2022, 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, 2022, are reported as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

F. Inventory

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

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

G. Capital Assets

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

H. Long-Term Obligations

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

I. Accumulated Leave Time

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

J. Fund Balances

The Port Authority does not divide fund balances into five classifications based primarily on the extent to which the Port Authority is bound to observe constraints imposed upon the use of the resources in its funds, since these classifications do not apply to proprietary fund accounting. Following are such classifications:

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

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

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

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

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

K. Net Position Restrictions

Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions, enabling legislation (adopted by the Port Authority), or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net position reports \$1,037,768 of net position restricted for business-type activities, of which \$91,677 is restricted by enabling legislation, as defined by GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", (\$35,931) is restricted by requirements of Federal Aviation Administration Airport Improvement Grants, \$19,403 is restricted by agreements with the Federal Aviation Administration permitting the collection and expending of Passenger Facility Charges, \$5,875 is restricted by deposit agreements with current and prospective hangar tenants, and \$956,744 is restricted by requirements of an American Rescue Plan Act Grant passed through Mahoning County. The Port Authority first applies restricted resources when incurring an expense for which it may use either restricted or unrestricted resources.

L. Interfund Activity

Non-exchange flows of cash from one fund to another are reported in the financial statements as interfund transfers. The Port Authority may make interfund transfers from its Port Authority Fund to its other Funds to contribute financial resources to support the operations accounted for by those Funds. In 2022, the Port Authority transferred \$1,605,000 from the Port Authority Fund into the Aviation Fund and transferred \$300,000 from the Port Authority Fund into the Economic Development Fund. Interfund transfers are reflected as other financing sources/(uses) in the accompanying financial statements.

M. Budgetary Process

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

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

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

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

N. Accounting of Conduit Debt Activity

As discussed in Notes 12 through 22, the Port Authority issued debt to provide financial resources for several projects that assisted ownership of such projects to establish and/or retain and improve/expand their local operations. Debt service payments required to satisfy all obligations are made directly from these companies to respective trustees.

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

A. Implementation of New Accounting Pronouncements

For 2022, the Port Authority implemented Government Accounting Standards Board (GASB) Statement No. 87, “Leases”, Statement No. 92, “Omnibus 2020”, Statement No. 93, “Replacement of Interbank Offered Rates”, Statement No. 98, “Annual Comprehensive Financial Report”, and certain paragraphs of Statement No. 99, “Omnibus 2022”.

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

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

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

GASB Statement No. 98, “Annual Comprehensive Financial Report” establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement’s introduction of the new term is founded on a commitment to promoting inclusiveness.

GASB Statement No. 99, “Omnibus 2022” enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. Implementation in 2002 of this Statement only relate to paragraphs that relate to extension of the use of Libor, accounting for SNAP distributions, disclosures of non-monetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63.

The implementation of GASB Statements No. 87, No. 92, No. 93, No. 98, and applicable paragraphs of No. 99 did not affect the presentation of the financial statements and did not have an effect on the fund balances/net position of the Port Authority as previously reported at December 31, 2021.

B. Future Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, “Public-Private and Public-Private Partnerships and Availability Payment Arrangements” which improves financial reporting by establishing the definitions of public-private and public-private partnerships (PPP) and availability payment arrangements (APA) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice.

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This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the skill and important aspects of our government's PPPs and evaluate a government's future obligations and assets resulting from PPP's. GASB Statement No. 94 is required to be adopted for years beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements" which improves financial reporting by establishing a definition for SBITA's and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments.

This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. GASB Statement No. 96 is required to be adopted for years beginning after June 15, 2022.

In April 2022, the GASB issued Statement No. 99, "Omnibus 2022" which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement that relate to leases, PPPs, and SBITAs are required to be adopted for years beginning after June 15, 2022. The requirements of this Statement that relate to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are required to be adopted years beginning after June 15, 2023.

The Port Authority is currently evaluating the impact GASB Statements No. 94, No. 96, and applicable paragraphs of No. 99 will have on its financial statements when adopted during the Port Authority's 2023 fiscal year.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Legal Requirements – Classification of Deposits

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or by any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or another Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and.
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

1. Bonds and other obligations guaranteed by the United States;
2. Discount notes of the Federal National Mortgage Association;
3. Bonds of the State of Ohio; and

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4. Bonds of any municipal corporation, village, county, township, or other political subdivision of the State of Ohio, as to which there is no default of principal, interest, or coupons.

B. Legal Requirements – Investments

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

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

C. Legal Requirements – Ohio Pooled Collateral System

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

D. Legal Requirements – Custodial Credit Risk

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

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

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

E. Cash on Hand / Cash Held by Others

At December 31, 2022, the Port Authority had \$450 of undeposited cash on hand and \$1,000 held by a third-party.

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F. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of the Port Authority's deposits was \$2,958,442 and the bank balance was \$3,193,938. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2022, all of the Port Authority's bank balance was covered by Federal Deposit Insurance or collateralized by a method approved by the State Treasurer's Office through the Ohio Pooled Collateral System.

G. Investments

The Port Authority did not maintain any investments in 2022.

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

<u>Cash and Investments per Footnote</u>	
Undeposited Cash on Hand	\$450
Cash Held by Others	1,000
Carrying amount of deposits with financial institutions	<u>2,958,442</u>
 Total	 <u>\$2,959,892</u>
 <u>Cash and Cash Equivalents Per Statement of Net Position</u>	
Business-Type Activities	<u>\$2,959,892</u>

NOTE 5 – LONG-TERM DEBT OBLIGATIONS

Changes in the Port Authority's long-term debt obligations for the year ended December 31, 2022 follows:

	Principal Balance 1/1/2022			Principal Balance 12/31/2022	Due Within One Year
		Increase	Decrease		
Development Revenue Bond (Series 2012(A))	\$283,791	\$0	\$283,791	\$0	\$0
Development Revenue Bond (Series 2012(B))	672,088	0	672,088	0	0
Development Revenue Bond (Series 2013)	203,088	0	13,551	189,537	189,537
Development Revenue Bond (Series 2014(A))	399,566	0	26,372	373,194	27,135
Development Revenue Bond (Series 2014(B))	378,339	0	43,006	335,333	44,313
Development Revenue Refunding Bond (Series 2021)	2,050,000	0	184,158	1,865,842	188,534
Total	\$3,986,872	\$0	\$1,222,966	\$2,763,906	\$449,519

Additional information for these obligations is discussed in Notes 6 through 11.

NOTE 6 – DEVELOPMENT REVENUE BOND (SERIES 2012(A)) – T-HANGAR CONSTRUCTION PROJECT

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

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In 2022, payments totaling \$289,229 were made to satisfy fully all principal and interest requirements of the Bond.

NOTE 7 – DEVELOPMENT REVENUE BOND (SERIES 2012(B)) – AIR CARGO BUILDING ACQUISITION

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

In 2022, payments totaling \$691,778 were made to satisfy fully all principal and interest requirements of the Bond.

NOTE 8 – DEVELOPMENT REVENUE BOND (SERIES 2013) – WHEELED-VEHICLE MAINTENANCE BUILDING CONSTRUCTION PROJECT

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

In 2022, payments totaling \$21,511 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2023	<u>\$196,371</u>

NOTE 9 – DEVELOPMENT REVENUE BOND (SERIES 2014(A)) – T-HANGAR B CONSTRUCTION PROJECT

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

In 2022, payments totaling \$37,432 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2023	\$37,432
2024	<u>353,277</u>
Total	<u>\$390,709</u>

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NOTE 10 – DEVELOPMENT REVENUE BOND (SERIES 2014(B)) – TERMINAL ENERGY IMPROVEMENT PROJECT

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

In 2022, payments totaling \$53,753 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2023	\$53,753
2024	<u>298,524</u>
Total	<u>\$352,277</u>

NOTE 11 – DEVELOPMENT REVENUE REFUNDING BONDS (SERIES 2021)

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

In 2022, the Port Authority made thirteen monthly payments totaling \$248,227 to satisfy its 2022 principal and interest requirements of the Bond and its January 2023 obligation.

Future debt service of principal and interest follow:

Year	Amount
2023	\$229,132
2024	229,132
2025	229,132
2026	229,132
2027	229,132
2028 – 2031	<u>916,530</u>
Total	<u>\$2,062,190</u>

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NOTE 12 – CONDUIT DEBT OBLIGATIONS

Changes in the Port Authority's Conduit Debt obligations for the year ended December 31, 2022 follows:

	Original / Maximum Issuance	Principal Balance 1/1/2022	Increase	Decrease	Principal Balance 12/31/2022
Southern Park Mall Bond (2015)	\$2,338,000	\$1,597,000	\$0	\$146,000	\$1,451,000
PIA Bond (2016)	1,521,000	1,198,347	0	66,897	1,131,450
YSU Enclave Bond (2016)	14,000,000	13,917,786	0	207,066	13,710,720
Stambaugh Hotel Bonds (2016)	11,500,000	11,500,000	0	0	11,500,000
Campus Lofts Bond (2019)	9,954,375	9,891,604	0	303,211	9,588,393
Trailstar Bond (2019)	4,720,000	4,181,929	0	420,356	3,761,573
University Edge Phase III Bond (2019)	8,765,276	8,750,420	0	179,110	8,571,310
South Park Square Bond (2020)	23,000,000	3,333,639	466,361	43,322	3,756,678
Briarfield Place Bond (2020)	10,000,000	10,000,000	0	0	10,000,000
Mane Health Bond (2022)	11,500,000	0	4,685,317	0	4,685,317
Total		\$64,370,725	\$5,151,678	\$1,365,962	\$68,156,441

Additional information for these Conduit Debt obligations is discussed in Notes 13 through 22.

NOTE 13 – CONDUIT DEBT OBLIGATION – SOUTHERN PARK MALL PROJECT

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

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

In 2022, payments totaling \$221,474 were made to satisfy current principal and interest requirements of the Bond.

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Future debt service of principal and interest follow:

Year	Amount
2023	\$220,343
2024	220,897
2025	221,064
2026	220,845
2027	221,238
2028 – 2030	<u>662,629</u>
 Total	 <u>\$1,767,016</u>

NOTE 14 – CONDUIT DEBT OBLIGATION – PITTSBURGH INSTITUTE OF AERONAUTICS PROJECT

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

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

In 2022, payments totaling \$98,851 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2023	\$98,851
2024	98,851
2025	98,851
2026	98,851
2027	98,851
2028 – 2032	494,257
2033 – 2036	<u>370,508</u>
 Total	 <u>\$1,359,020</u>

NOTE 15 – CONDUIT DEBT OBLIGATION – YSU ENCLAVE PROJECT

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

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The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with YCA to secure land necessary for the Project, 2) issuing a \$14,000,000 Development Revenue Bond (Series 2016(C)) (5.17%, 90-month repayment plus balloon payment, fixed monthly principal payments with annual escalators) to finance the Project, and 3) letting of a capital (facility) lease to YCA to construct the Project and operate such facility. The Bond and capital lease are co-terminus. In the event of default by YCA, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2022, payments totaling \$207,066 and \$710,706, respectively, were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal (only) follows:

Year	Amount
2023	\$218,228
2024	228,169
2025	242,127
2026	255,346
2027	269,111
2028 – 2029	<u>12,497,739</u>
 Total	 <u>\$13,710,720</u>

NOTE 16 – CONDUIT DEBT OBLIGATION – STAMBAUGH HOTEL PROJECT

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

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

\$11,500,000 was drawn as of 12/31/22. Interest is accruing at 4.5% on outstanding principal amounts and is being paid monthly through capital lease payments. Payments totaling \$524,688 were made in 2022 to satisfy current interest requirements of the Bonds. An amortization schedule has not been set but once established, capital lease payments by YSH will meet amounts needed to service the debt, including interest and fiscal charges, on the Bonds. The Bonds and capital lease are co-terminus. In the event of default by YSH, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bonds. The Bonds are secured by the facility/assets constructed/acquired from the proceeds of the Bonds.

NOTE 17 – CONDUIT DEBT OBLIGATION – CAMPUS LOFTS PROJECT

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

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

In 2022, payments totaling \$651,353 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal and interest follow:

Year	Amount
2023	\$601,248
2024	601,248
2025	601,248
2026	601,248
2027	601,248
2028 – 2031	<u>9,189,962</u>
 Total	 <u>\$12,196,202</u>

NOTE 18 – CONDUIT DEBT OBLIGATION – TRAILSTAR MANUFACTURING WAREHOUSE PROJECT

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

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

In 2022, payments totaling \$560,222 were made to satisfy current principal and interest requirements of the Bond.

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Future debt service of principal and interest follow:

Year	Amount
2023	\$560,222
2024	560,222
2025	560,222
2026	560,222
2027	560,222
2028 – 2030	<u>1,493,927</u>
 Total	 <u>\$4,295,037</u>

NOTE 19 – CONDUIT DEBT OBLIGATION – UNIVERSITY EDGE PHASE III PROJECT

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

The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with Hallmark to secure land necessary for the Project, 2) issuing a \$8,765,276 Development Lease Revenue Bond (Series 2019(C)) (3 years repayment plus balloon payment, variable monthly interest rate at 30-day SOFR plus 2.6%, floor of 2.75%) to finance the Project, and 3) letting of a capital (facility) lease to Hallmark to construct the Project and operate such facility. The Bond and capital lease are co-terminus. Monthly payments by Hallmark meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. In the event of default by Hallmark, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2022, payments totaling \$499,836 were made to satisfy current principal and interest requirements of the Bond.

Future debt service of principal (only) follows:

Year	Amount
2023	\$189,213
2024	<u>8,382,097</u>
 Total	 <u>\$8,571,310</u>

NOTE 20 – CONDUIT DEBT OBLIGATION – SOUTH PARK SQUARE PROJECT

In 2020, the Port Authority participated in the Valley View Investors, LLC (Valley View) multi-phase South Park Square Project (Project) by assisting Valley View in Phase 1 construct an approximate 85,000sf retail strip center and an approximate 15,000sf retail outparcel by providing financial resources for site acquisition, constructing the multi-phase facilities, and all related site improvements.

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

The Bond is being issued in separate instruments per phase, and in increments, as draw-down bonds, similar to traditional draw-down construction loans. For Phase 1, \$3,800,000 was drawn as of June 6, 2022, and the construction loan was converted to a Phase 1 Bond (3.625%, 25 years amortization, 10 years repayment plus balloon payment). Monthly payments by Valley View meet amounts needed to service the debt, including interest and fiscal charges, on the Phase 1 Bond. The Bond and capital lease are co-terminus. In the event of default by Valley View, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

In 2022, interest payments totaling \$40,798 were made to satisfy fully interest requirements of the construction loan. Payments totaling \$116,485 were made to satisfy current principal and interest requirements of the Phase 1 Bond.

Future debt service of principal and interest of the Phase 1 Bond follow:

Year	Amount
2023	\$232,969
2024	232,969
2025	232,969
2026	232,969
2027	232,969
2028 – 2032	<u>3,737,094</u>
 Total	 <u>\$4,901,939</u>

NOTE 21 – CONDUIT DEBT OBLIGATION – BRIARFIELD PLACE PROJECT

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

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

\$10,000,000 was drawn as of 12/31/22. Interest is accruing at variable rates on outstanding principal amounts and is being paid monthly through capital lease payments. Payments totaling \$418,139 were made in 2022 to satisfy current interest requirements of the Bonds. An amortization schedule will be set at September 1, 2023 and capital lease payments by McClurg Road will meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. The Bond and capital lease are co-terminus. In the event of default by McClurg Road, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 22 – CONDUIT DEBT OBLIGATION – MANE HEALTH PROJECT

In May 2022, the Port Authority participated in the Mane Health Realty, LLC (Mane Health) Mane Realty Park Project (Project) by assisting Mane Health construct a 36,725sf medical office facility by providing financial resources for site acquisition, constructing, and furnishing the facility.

The Port Authority's involvement in the Project consisted of 1) entering into a ground lease with Mane Health to secure land necessary for the Project, 2) issuing a \$11,500,000 Development Lease Revenue Bond (Series 2022) to finance the Project, and 3) letting of a capital (facility) lease to Mane Health to construct the Project and operate such facility.

The Bond is being issued in increments, as a draw-down bond, similar to a traditional draw-down loan. \$4,685,317 has been drawn as of 12/31/22. Interest is accruing at a fixed 3.45% on outstanding principal amounts and is being paid monthly through capital lease payments. Payments totaling \$42,680 were made in 2022 to satisfy current interest requirements of the Bonds. A 20-year amortization schedule will be set at the end of the construction period which ends 5/12/2024 and capital lease payments by Mane Health will meet amounts needed to service the debt, including interest and fiscal charges, on the Bond. The Bond and capital lease are co-terminus. In the event of default by Mane Health, the Port Authority shall not have any liability under or in respect of its debt service performances of the Bond. The Bond is secured by the facility/assets constructed/acquired from the proceeds of the Bond.

NOTE 23 – PENSION PLANS

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

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

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

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

2022 Statutory Maximum Contribution Rates:

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

2022 Actual Contribution Rates:

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contributions to fund pension obligations for the years ending December 31, 2022, 2021, and 2020 were \$231,202, \$201,902, and \$176,470, respectively. In January 2023, the Port Authority made \$31,201 in contributions to satisfy fully its 2022 pension obligations.

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 24 – POSTRETIREMENT BENEFIT PLANS

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's required contribution for 2022 was \$0.

NOTE 25 – CONTINGENT LIABILITIES

A. Pending Litigation

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

**WESTERN RESERVE PORT AUTHORITY TRUMBULL
COUNTY, OHIO**
NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

B. Grant Compliance

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

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Port Authority at December 31, 2022.

NOTE 26 – RISK MANAGEMENT

The Port Authority is exposed to various risks of loss to torts; thefts of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; cyber-attacks; and natural disaster.

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

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

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

NOTE 27 – CORONAVIRUS PANDEMIC 2019 (COVID-19)

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The State of Ohio's emergency ended in June 2021 while the national state of emergency ended on April 10, 2023. During 2022, the Port Authority received COVID-19 related funding. Port Authority management is of the opinion that the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. However, such impact on the Port Authority's future operating costs, revenues, and any additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 28 – SIGNIFICANT SUBSEQUENT EVENTS

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

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor <i>Pass Through Grantor/ Program Title</i>	CDFA Number	Entity/Grant Identifier Number	Federal Expenditures
U.S. Department of Transportation/			
<i>Passed through Federal Aviation Administration:</i>			
Airport Improvement Program	20.106	3-39-0096-046-2018	\$ 215
Airport Improvement Program	20.106	3-39-0096-047-2019	2,665
Airport Improvement Program	20.106	3-39-0096-049-2020	921,914
Airport Improvement Program	20.106	3-39-0096-051-2021	311,029
<i>Total U.S. Department of Transportation</i>			<u>1,235,823</u>
U.S. Department of Treasury/			
<i>Passed through Mahoning County:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Mahoning County - SLFRP2821	809,364
<i>Total U.S. Department of Treasury</i>			<u>809,364</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,045,187</u>

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

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Western Reserve Port Authority (Port Authority) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port Authority, it is not intended to and does not present the financial position or changes in net position of the Port Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – MATCHING REQUIREMENTS

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

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO**
**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2022**

Passenger Facility Charges Collected	\$4,820
Interest Earnings	<u>303</u>
 Total	 5,123
Passenger Facility Charges Expended	0
Increase in Unexpended Passenger Facility Charges	5,123
Unexpended Passenger Facility Charges – January 1, 2022	<u>14,280</u>
Unexpended Passenger Facility Charges – December 31, 2022	<u>\$19,403</u>

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

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY, OHIO
NOTE TO THE SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash basis financial statements of the Western Reserve Port Authority, Trumbull County, Ohio (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's cash basis financial statements and have issued our report thereon dated June 10, 2025, wherein we noted that the Western Reserve Port Authority, Ohio, uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Also, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Western Reserve Port Authority
Trumbull County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 10, 2025

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND PASSENGER FACILITY CHARGE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

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

To the Board of Directors:

Report on Compliance for the Major Federal Program and the Passenger Facility Charge Program

Opinion on the Major Federal Program and the Passenger Facility Charge Program

We have audited Western Reserve Port Authority's, Trumbull County, Ohio (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Western Reserve Port Authority's major federal programs for the year ended December 31, 2022. Western Reserve Port Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 for the year ended December 31, 2022. The passenger facility charge program is identified in the schedule of expenditures of passenger facility charges.

In our opinion, Western Reserve Port Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs and the passenger facility charge program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Programs and Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*) and the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the "Guide"). Our responsibilities under those standards and the *Uniform Guidance* are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

Western Reserve Port Authority

Trumbull County

Independent Auditor's Report on Compliance with Requirements Applicable

to Each Major Federal Program and Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies

Page 2

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

Responsibilities of Management for Compliance

The Authority's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs and the passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Western Reserve Port Authority

Trumbull County

Independent Auditor's Report on Compliance with Requirements Applicable

to Each Major Federal Program and Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies

Page 2

Report on Internal Control Over Compliance

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

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

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

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

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 10, 2025

WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Airport Improvement Program, AL 20.106 Coronavirus State and Local Fiscal Recovery Funds, AL 21.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



WESTERN RESERVE PORT AUTHORITY

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/14/2025

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This report is a matter of public record and is available online at
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