



Dave Yost • Auditor of State

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis -December 31, 2010.....	18
Statement of Activities – Cash Basis For the Year Ended December 31, 2010.....	19
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - December 31, 2010.....	20
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2010.....	21
Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual – Budget Basis – General Fund for the Year Ended December 31, 2010.....	22
Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual – Budget Basis – AIP Fund for the Year Ended December 31, 2010.....	23
Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual – Budget Basis – Passenger Facility Charge Fund for the Year Ended December 31, 2010.....	24
Statement of Cash Basis Assets and Fund Balances- Proprietary Funds - December 31, 2010.....	25
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Proprietary Funds – For the Year Ended December 31, 2010.....	26
Notes to the Financial Statements.....	27
Schedule of Federal Award Expenditures.....	41
Notes to the Schedule of Federal Award Expenditures.....	42
Schedule of Passenger Facility Charges Collected and Expended.....	43
Notes to the Schedule of Passenger Facility Charges Collected and Expended.....	44
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45
Independent Accountants' Report on Compliance with requirements Applicable to Major Federal Programs and Internal Controls over Compliance in Accordance With OMB Circular A-133.....	47

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Accountants' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and Internal Controls Over Compliance	49
Schedule of Findings	51
Schedule of Prior Audit Findings	53



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Reserve Port Authority, Trumbull County, Ohio (the Port Authority), as of and for the year ended December 31, 2010, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Reserve Port Authority, Trumbull County, Ohio, as of December 31, 2010 and the respective changes in cash financial position, and the respective budgetary comparison for the General, the Airport Improvement Program and the Passenger Facility Charge Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2011, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Port Authority's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of Passenger Facility Charge Revenue provides additional information required by 14 Code of Federal Regulations Part 158. This information is not a required part of the basic financial statements. The federal awards expenditure schedule and the schedule of Passenger Facility Charge Revenue are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

September 20, 2011

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

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, 2010, 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 main 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). Readers should understand that, for the most part, the Port Authority uses governmental funds (governmental activities) to report on its core operations and the operations of the Aviation Division and uses proprietary funds (business-type activities) to report on the operations of the ED Division.

Financial Highlights

Key financial highlights for 2010 are as follows:

Net assets of governmental activities increased \$256,933, or 140%, a significant increase from 2009. This was the result of 1) the General Fund realizing an increase in cash and cash equivalents of \$177,579, or 229%, from 2009 primarily the result of an improvement in the economy in 2010 from 2009 and a 59% increase in commercial passenger activity in 2010 over 2009 that increased all revenue stream activities of the Aviation Division in 2010 from 2009, and 2) the Passenger Facility Fund realizing an increase in cash and cash equivalents of \$79,306, or 75%, from 2009 primarily the result of a 59% increase in commercial passenger activity in 2010 over 2009 that increased the collection of passenger facility charges by \$41,520, or 58%, in 2010 from 2009.

The General Fund's Cash Fund Balance at December 31, 2010 was \$255,174 as compared to \$77,595 at December 31, 2009. The General Fund's Reserve for Encumbrances at December 31, 2010 was \$72,416 as compared to \$55,844 at December 31, 2009. Therefore, the General Fund's Unreserved and/or Undesignated Cash Fund Balance was \$182,758 at December 31, 2010 as compared to \$21,751 at December 31, 2009, a significant increase of \$161,007, or 740%.

Net assets of business-type activities decreased \$47,005, or 14%, from 2009. This was entirely the result of the Economic Development Fund, which accounts for the ED Division's operations, realizing a decrease in cash and cash equivalents of the same amount from 2009. However, the Port Authority created the ED Division in 2008 and in 2009 began receiving contributions from other governmental units and community organizations (funding partners) to support financially the ED Division's start-up operations. The ED Division began operations in December 2009 and 2010 was its first full-year of operations. Therefore, Management reasonably expects a moderate reduction in the Economic Development Fund's net assets as the ED Division develops into a self-reliant enterprise.

The Port Authority had total governmental activities receipts of \$2,075,008. Program specific receipts accounted for \$1,287,844, or 62%, of total governmental activities receipts. General receipts accounted for \$787,164, or 38%, of total governmental activities receipts. Program specific receipts for governmental activities are primarily 1) charges for services (fees and charges for services, and rental and lease income), and 2) intergovernmental receipts consisting of grants from other governmental units that must be used to provide a specific service. These receipts represent respectively 29% and 33% of the total cash received for governmental activities for 2010. General receipts for governmental activities are primarily 1) intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations, and 2) miscellaneous receipts. These receipts represent respectively 35% and 3% of the total cash received for governmental activities for 2010.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The Port Authority had total business-type activities receipts of \$6,698,213. Program specific receipts accounted for \$6,460,432, or 96%, of total business-type activities receipts. General receipts accounted for \$237,781, or 4%, of total business-type activities receipts. Program specific receipts for business-type activities are charges for services (sublease and loan payments received to finance the Port Authority's conduit debt activity). General receipts for business-type activities are contributions from other governmental units and community organizations to support financially the ED Division's start-up operations.

The Port Authority had total governmental activities disbursements of \$1,818,075. Program specific receipts offset \$1,287,844, or 71%, of these disbursements. General receipts of \$530,231, or 29%, offset the remaining disbursements. Contractual services represent 27% of total disbursements for governmental activities, and of this amount, 63% is comprised of costs of services, such as insurance, security, marketing, legal, and consulting, that are provided by contracted third-parties and 28% is for engineering costs funded 100% by the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding and the Passenger Facility Charge Program. Personal services represent 26% of total disbursements for governmental activities and is comprised of payroll and benefit related costs for Aviation Division employees. Capital outlay represent 26% of total disbursements for governmental activities of which 100% is funded by the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding. Utility disbursements represent 11% of total disbursements for governmental activities.

The Port Authority had total business-type activities disbursements of \$6,745,218. Program specific receipts offset \$6,460,432, or 96%, of these disbursements. General receipts of \$237,781, or 3%, and the expending of \$47,005, or 1%, from fund balances available at January 1, 2010 offset the remaining disbursements. Conduit debt activity disbursements, consisting of capital lease payments, and bonds and loan payments represent 96% of total disbursements for business-type activities. Personal services represent 3% of total disbursements for business-type activities and is comprised of payroll and benefit related costs for ED Division employees.

Using the Basic Financial Statements

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

Report Components

The *Statement of Net Assets* and the *Statement of Activities* provide information about the cash activities of the Port Authority as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Port Authority as a way to segregate money whose use is restricted to a particular specified purpose. The *Statement of Cash Basis Assets and Fund Balances* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances* present financial information by either governmental funds or proprietary funds. In addition, the governmental funds statements present the Port Authority's General Fund, Airport Improvement Program Fund, Passenger Facility Charge Fund, and a non-major fund (Other Fund) in separate columns and the proprietary funds statements present the Port Authority's Economic Development Fund and Conduit Debt Fund in separate columns.

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

Basis of Accounting

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

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

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

Reporting the Port Authority as a Whole

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

The *Statement of Net Assets* and the *Statement of Activities* reflect how the Port Authority did financially during 2010, within the limitations of cash-basis of accounting.

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

Over time, increases or decreases in the Port Authority's cash position is one indicator of whether the Port Authority's financial health is improving or deteriorating. When evaluating the Port Authority's financial condition, you should also consider other non-financial factors as well such as the Port Authority's reliance 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.

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

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

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

Reporting the Port Authority Most Significant Funds

Fund financial statements provide detailed information about the Port Authority's funds – not the Port Authority as a whole. The Port Authority establishes separate funds to manage better its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Port Authority are split into two categories: governmental and proprietary.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

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

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

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

The Port Authority maintains two enterprise funds, the Economic Development Fund and the Conduit Debt Fund, which the proprietary funds statements present in separate columns.

The Port Authority maintains an ED Division in an effort to utilize fully its abilities as a port authority to advance economic development within Mahoning and Trumbull Counties. The Port Authority's activities that enhance, provide, or promote transportation, economic development, and other governmental operations as well as grants and contributions received from other governmental units and community organizations to finance these activities are accounted for in the Economic Development Fund.

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

Port Authority as a Whole

Table 1 provides a comparison of net assets at December 31, 2010 and December 31, 2009 on a cash-basis of accounting.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

(Table 1)
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Assets						
Cash and Cash Equivalents	\$440,579	\$183,646	\$286,131	\$333,136	\$726,710	\$516,782
Net Assets						
Restricted for:						
Capital Outlay	\$185,405	\$106,051	\$0	\$0	\$185,405	\$106,051
Other Purposes	0	0	0	0	0	0
Unrestricted	255,174	77,595	286,131	333,136	541,305	410,731
Total Net Assets	\$440,579	\$183,646	\$286,131	\$333,136	\$726,710	\$516,782

Over time, net assets can serve as a useful indicator of a government's financial position. As mentioned previously, net assets of governmental activities increased \$256,933, or 140%, a significant increase from 2009. This was the result of 1) the General Fund realizing an increase in cash and cash equivalents of \$177,579, or 229%, from 2009 primarily the result of an improvement in the economy in 2010 from 2009 and a 59% increase in commercial passenger activity in 2010 over 2009 that increased all revenue stream activities of the Aviation Division in 2010 from 2009, and 2) the Passenger Facility Fund realizing an increase in cash and cash equivalents of \$79,306, or 75%, from 2009 primarily the result of a 59% increase in commercial passenger activity in 2010 over 2009 that increased the collection of passenger facility charges by \$41,520, or 58%, in 2010 from 2009.

In addition, as mentioned previously, net assets of business-type activities decreased \$47,005, or 14%, from 2009 that was entirely the result of the Economic Development Fund realizing a decrease in cash and cash equivalents of the same from 2009. The ED Division was created in 2008 and in 2009 began receiving contributions from other governmental units and community organizations to finance its operations. The ED Division began operations in December 2009 and since 2010 was its first full-year of operations; year-to-year comparative analyses of its activities will be more effective in subsequent years.

Table 2 provides a comparison of changes in net assets for 2010 and 2009 on a cash-basis of accounting.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

(Table 2)
Changes in Net Assets

	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
Receipts:						
<i>Program Receipts:</i>						
Charges for Services	\$599,026	\$439,661	\$6,460,432	\$5,039,819	\$7,059,458	\$5,479,479
Operating Grants and Contributions	19,965	18,492	0	0	19,965	18,492
Capital Grants and Contributions	668,853	527,763	0	0	668,853	527,763
Total Program Receipts	1,287,844	985,916	6,460,432	4,878,465	7,748,276	6,025,734
<i>General Receipts:</i>						
Grants and Entitlements not Restricted to Specific Programs	720,139	619,959	175,000	325,000	895,139	941,959
Investment Earnings	2,129	719	2,045	3,086	4,174	3,805
Other Cash Receipts	64,896	76,462	60,736	25,000	125,632	101,462
Total General Receipts	787,164	694,140	237,781	353,086	1,024,945	1,047,226
Total Receipts	2,075,008	1,680,056	6,698,223	5,392,905	8,773,221	7,072,960
Disbursements:						
Personal Services	476,397	526,251	184,678	7,648	661,075	533,899
Materials and Supplies	77,156	57,684	807	0	77,963	57,684
Contractual Services	498,083	366,704	32,925	60,979	531,008	427,683
Marketing and Promotions	0	0	0	1,323	0	1,323
Conferences and Travel	5,717	4,715	3,107	0	8,824	4,715
Utilities	200,266	232,133	280	0	200,546	232,133
Repair and Maintenance	74,859	43,880	0	0	74,859	43,880
Capital Outlay	465,474	630,288	0	0	465,474	630,288
Other Cash Disbursements	20,122	8,902	62,988	13,941	83,110	22,843
Conduit Debt Activity	0	0	6,460,432	5,039,819	6,460,432	5,039,819
Total Disbursements	1,818,075	1,870,558	6,745,218	5,123,710	8,563,291	6,994,268
Increase/(Decrease) in Net Assets	256,933	(190,502)	(47,005)	269,195	209,930	78,693
Net Assets – January 1,	183,646	374,148	333,136	63,941	516,782	438,089
Net Assets - December 31,	\$440,579	\$183,646	\$286,131	\$333,136	\$726,7182	\$516,782

Program specific receipts represent 62% of total receipts for governmental activities, and of this amount, 47% is comprised of charges for services (fees and charges for services, and rental and lease income) and 52% is comprised of intergovernmental receipts consisting of restricted grants from other governmental units that must be used to provide a specific service. Program specific receipts represent 96% of total receipts for business-type activities, and of this amount, 100% is comprised of charges for services, which are sublease and loan payments received to finance the Port Authority's conduit debt activity.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

General receipts represent 38% of total receipts for governmental activities, and of this amount, 91% is comprised of intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations. General receipts represent 4% of total receipts for business-type activities, and of this amount, 74% is comprised of operating grants and contributions, which are received from other governmental units and community organizations to finance the Port Authority's economic development activity.

Contractual services represent 27% of total disbursements for governmental activities, and of this amount, 63% is comprised of costs of services, such as insurance, security, marketing, legal, and consulting, that are provided by contracted third-parties and 28% is for engineering costs funded 100% by the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding and the Passenger Facility Charge Program. Personal services represent 26% of total disbursements for governmental activities and is comprised of payroll and benefit related costs for Aviation Division employees. Capital outlay represent 26% of total disbursements for governmental activities, of which 100% is funded by the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding. Utility disbursements represent 11% of total disbursements for governmental activities.

Conduit debt activity disbursements, consisting of capital lease payments, and bonds and loan payments represent 96% of total disbursements for business-type activities and are made to satisfy the Port Authority's conduit debt activity requirements. Personal services represent 3% of total disbursements for business-type activities and is comprised of payroll and benefit related costs for ED Division employees.

Governmental and Business-Type Activities

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

Governmental Activities

Table 3 provides a comparison of total cost of services and net cost of services for governmental activities for 2010 and 2009 on a cash-basis of accounting.

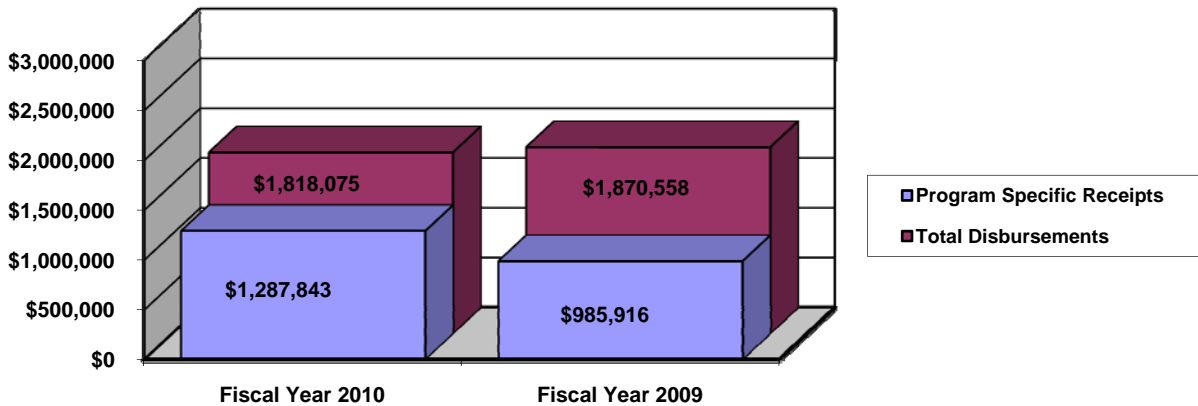
(Table 3)
Cost of Services vs. Net Cost of Services

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2010	2010	2009	2009
Personal Services	\$476,397	(\$226,515)	\$526,251	(\$402,560)
Materials and Supplies	77,156	(31,061)	57,684	(46,453)
Contractual Services	498,083	(181,444)	366,704	(165,529)
Conferences and Travel	5,717	(3,439)	4,715	(3,607)
Utilities	200,266	(95,222)	232,133	(177,572)
Repair and Maintenance	74,859	(35,594)	43,880	(33,566)
Capital Outlay	465,474	47,022	630,288	(51,409)
Other Cash Disbursements	20,122	(3,980)	8,902	(3,947)
Total	\$1,818,075	(\$530,232)	\$1,870,558	(\$884,642)

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

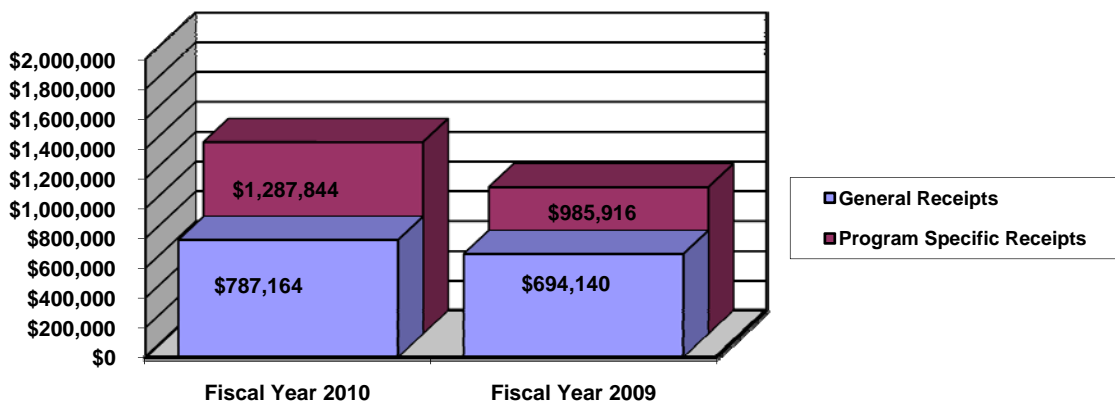
The chart below illustrates the Port Authority's dependence upon general receipts for fiscal years 2010 and 2009, as program specific receipts have not been sufficient to cover total disbursements for governmental activities.

Governmental Activities - Program Specific Receipts vs. Total Disbursements



The *Net Cost of Services* amount of (\$530,232) for governmental activities represents the costs of the services, which ends up being paid from subsidies provided by Mahoning and Trumbull Counties, investment earnings, and miscellaneous receipts. Therefore, dependence upon general receipts for governmental activities is apparent as 29% of disbursements were supported through general receipts. However, as mentioned previously, an indicator of whether the Port Authority's financial health is improving or deteriorating is its reliance on general receipts. In 2009, 37% of disbursements for governmental activities were supported through general receipts. This decrease in 2010 from 2009 suggests improvement in the Port Authority's financial condition. The chart below illustrates the Port Authority's program specific receipts versus general receipts for fiscal years 2010 and 2009 for governmental activities.

Governmental Activities - General Receipts vs. Program Specific Receipts



Business-Type Activities

Table 4 provides a comparison of total cost of services and net cost of services for business-type activities for 2010 and 2009 on a cash-basis of accounting.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

(Table 4)
Cost of Services vs. Net Cost of Services

	Business-Type Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
Personal Services	\$184,678	(\$184,678)	\$7,648	(\$7,648)
Materials and Supplies	807	(807)	0	0
Contractual Services	32,925	(32,925)	60,979	(60,979)
Marketing and Promotions	0	0	1,323	(1,323)
Conferences and Travel	3,107	(3,107)	0	0
Utilities	280	(280)	0	0
Other Cash Disbursements	62,988	(62,988)	13,941	(13,941)
Conduit Debt Activity	6,460,432	0	5,039,819	0
Total	\$6,745,218	(\$284,786)	\$5,123,710	(\$83,892)

The *Net Cost of Services* amount of (\$284,786) for business-type activities represents the costs of the services, which ends up being paid from operating grants and contributions provided by other governmental units and community organizations to finance the Port Authority's economic development activity, investment earnings, miscellaneous receipts, and from a reduction in net assets (cash and cash equivalents). However, the Port Authority's business-type activities account for the operations of its ED Division and as mentioned previously, 2010 was the ED Division's first full-year of operations. Therefore, a higher reliance on operating grants and contributions from the ED Division's funding partners is expected at this time as it develops into a self-reliant enterprise.

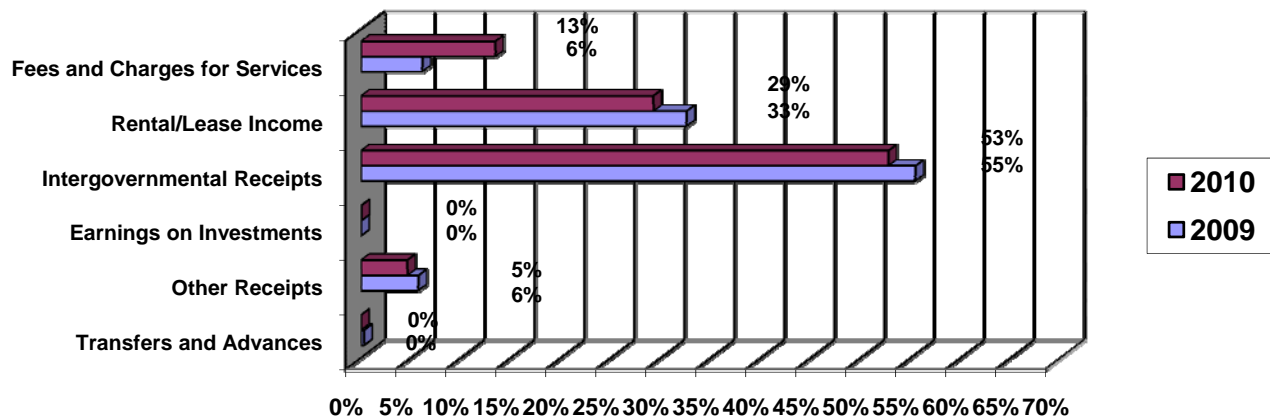
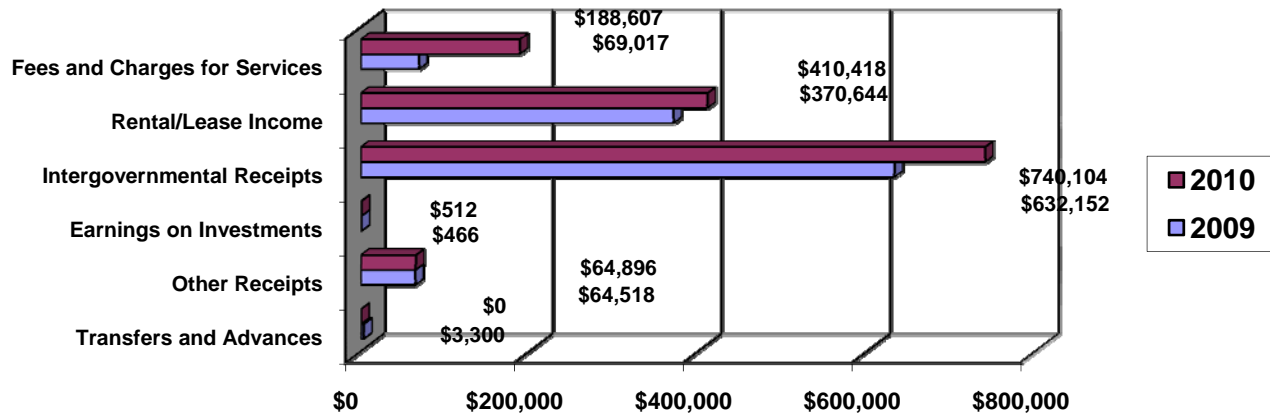
Port Authority Funds Analysis

The Port Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus on the funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Port Authority's financing requirements. In particular, unreserved fund balances serve as a useful measure of the Port Authority's net resources available for spending at year-end. At December 31, 2010, the Port Authority's General Fund unreserved fund balance was \$182,758 as compared to \$21,751 at December 31, 2009. This increase portrays a significantly stronger cash position for the General Fund at December 31, 2010 than at December 31, 2009.

The Port Authority had total cash receipts of \$8,773,221 and total cash disbursements of \$8,563,294 for all funds in 2010, although approximately 75% of both amounts represent the conduit debt activity of the Proprietary Funds. Total governmental funds had cash receipts of \$2,075,008 and cash disbursements of \$1,818,075 in 2010. The General Fund accounts for the general operations of the Port Authority, inclusive of all operations of the Aviation Division. Therefore, additional analysis of the General Fund is presented in the following charts.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
 For the Year Ended December 31, 2010

Analysis of General Fund Receipts for Fiscal Years 2010 and 2009



For most of 2009, the Port Authority operated in an extremely challenging economic environment, as did most public and private sector enterprises. As the economy improved in 2010, so followed the revenue streams of the Aviation Division, therein the General Fund. Total receipts of the General Fund increased from \$1,140,097 in 2009 to \$1,404,538 in 2010, a 23% increase, primarily the result of 1) fees and charges for services receipts that increased from \$69,017 in 2009 to \$188,607 in 2010, a 173% increase, 2) rental/lease income receipts that increased from \$370,644 in 2009 to \$410,418 in 2010, an 11% increase, and 3) intergovernmental receipts that increased from \$632,152 in 2009 to \$740,104 in 2010, an 17% increase. A discussion of the components of the General Fund's receipts follows.

The increase in fees and charges for services receipts was primarily the result of 1) a significant increase in corporate and general aviation activity in 2010 as compared to recent years, 2) a 59% increase in commercial passenger activity in 2010 over 2009 due to the addition of non-stop Allegiant Air leisure service flights to Myrtle Beach, SC and St. Petersburg, FL beginning in 2010, These two conditions increased fuel flowage fees, parking concessions, and aircraft landing fees in 2010 from 2009 by approximately \$12,729, \$54,532, and \$24,113, respectively. In addition, arrearages of approximately \$18,900 for payments of fees and charges for services due in 2009 were collected in 2010.

The increase in rental/lease income receipts was primarily the result of the Port Authority adopting in 2010

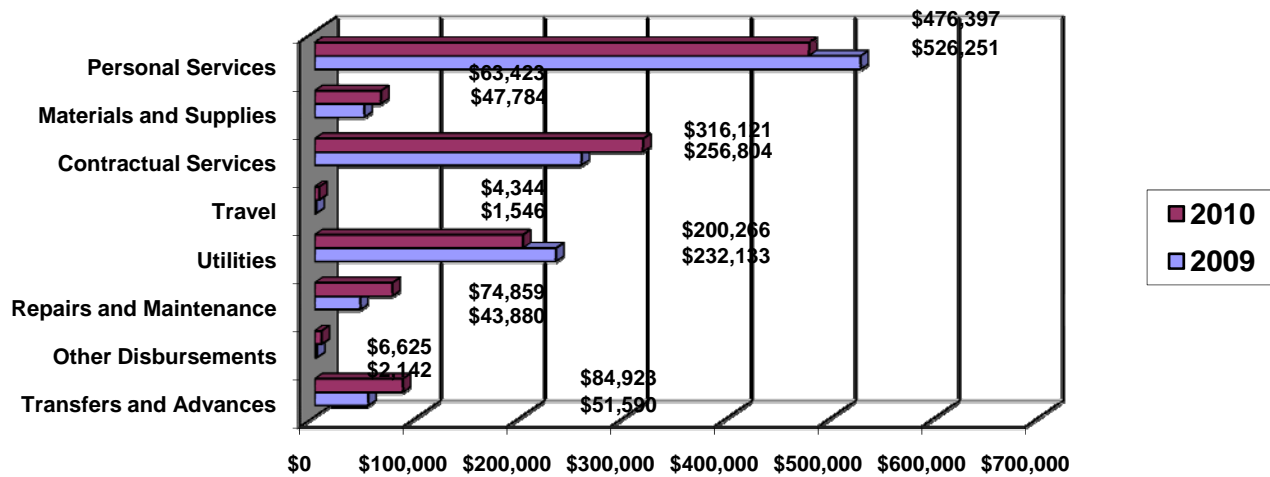
Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

an Airport Leasing, Rates, and Charges Policy that included setting uniform lease rates for all Airport facilities and aeronautical use properties. The implementation of this Policy resulted in hangar lease receipts, terminal lease receipts, and other facilities and properties lease receipts to increase in 2010 from 2009 by approximately \$19,066, \$6,116, and \$18,384, respectively.

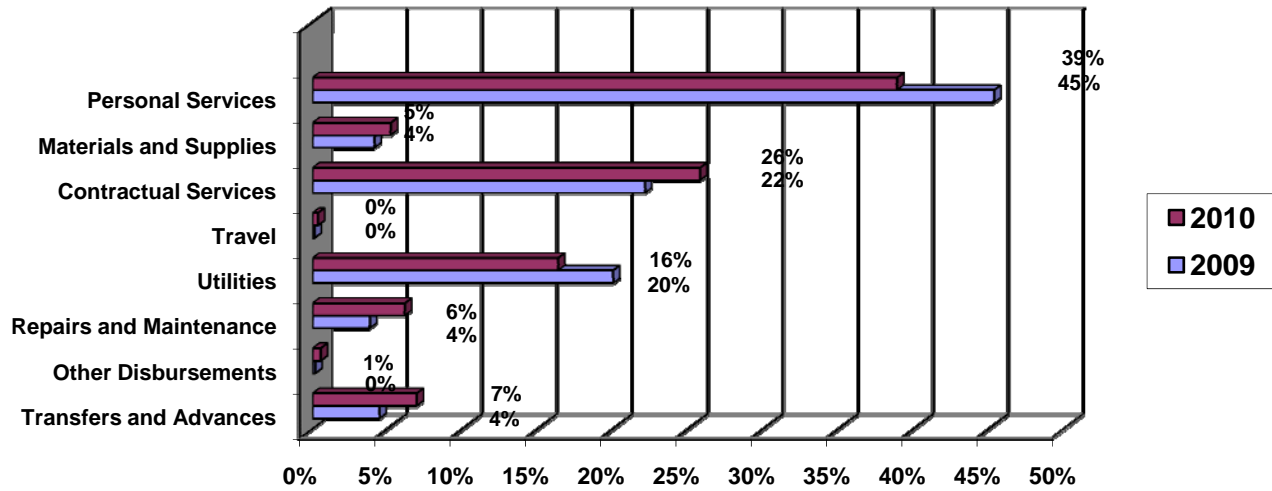
The increase in intergovernmental receipts was primarily the result of the Port Authority receiving 1) \$489,099 in subsidies from Mahoning County in 2010 as opposed to \$391,608 in 2009, a 25% increase, and 2) \$231,040 in subsidies from Trumbull County in 2010 as opposed to \$225,351 in 2009, a 3% increase. These subsidies are derived from lodging excise taxes assessed by Mahoning and Trumbull Counties. Since the lodging industry usually follows the upward or downward trends of the national economy, Management anticipates that the amount of subsidies received from the Counties will continue to increase parallel with or slightly better than the economy.

All other General Fund receipts remained moderately constant from 2009 to 2010.

Analysis of General Fund Disbursements for Fiscal Years 2010 and 2009



Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
 For the Year Ended December 31, 2010



Total disbursements of the General Fund increased from \$1,162,132 in 2009 to \$1,226,959 in 2010, a modest 6% increase, primarily the result of 1) personal services disbursements that decreased from \$526,251 in 2009 to \$476,397 in 2010, a 9% decrease, 2) materials and supplies disbursements that increased from \$47,784 in 2009 to \$63,423 in 2010, a 33% increase, 3) contractual services disbursements that increased from \$256,804 in 2009 to \$316,121 in 2010, a 23% increase, 4) utilities disbursements that decreased from \$232,133 in 2009 to \$200,266 in 2010, a 14% decrease, 5) repairs and maintenance disbursements that increased from \$43,880 in 2009 to \$74,859 in 2010, a 71% increase, and 6) interfund transfer-out that increased from \$34,550 in 2009 to \$54,479 in 2010, a 58% decrease. A discussion of the components of the General Fund's disbursements follows.

The decrease in personal services disbursements was primarily the result of 1) a reduction in the costs of employee health care benefits due to the Aviation Division acquiring more cost-effective benefit plans for its employees and 2) a position in the Airport's Operations and Maintenance Department remaining unfilled for 6-months as an employee in that Department went on active military duty. These two conditions reduced personal services disbursements in 2010 from 2009 by approximately \$30,972 and \$23,574, respectively. These reductions were offset by a slight increase in employee overtime cost in the Airport's Operations and Maintenance Department of approximately \$4,421 in 2010 over 2009 due to an increase in the Airport's snow removal operations resultant of extended periods of inclement weather in 2010.

The increase in materials and supplies disbursements was primarily the result of 1) an increase in the cost of liquid runway deicer in 2010 by approximately \$12,600 over 2009 due to extended periods of inclement weather in 2010, and 2) an increase in the costs of miscellaneous materials and supplies used during the performance of certain of the Airport's non-essential annual maintenance programs that resumed in 2010 after being suspended in 2009 due to limited available financial resources.

The increase in contractual services disbursements was primarily the result of 1) an increase in security costs for services provided by the Vienna Township Police Department by approximately \$13,542 in 2010 over 2009 due to a 59% increase in commercial passenger activity in 2010 over 2009, 2) an increase in legal costs by approximately \$8,692 in 2010 over 2009 due to an increased general need for professional legal services in 2010, 3) an increase in audit costs by approximately \$21,075 in 2010 over 2009 due to the timing of the performances and payments for the audits of the Port Authority's 2008 and 2009 annual financial reports, and 4) an increase in aviation consulting costs by \$19,541 in 2010 over 2009 due to the Port Authority initiating in 2010 an aggressive campaign to attract daily scheduled commercial air service by a major airline therein creating the need to have aviation consultants formulate presentations and proposals for

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Airport Management's discussions with the Airlines and to also represent and/or accompany Airport Management during its discussions with the Airlines and/or at Airline Conferences.

The decrease in utilities disbursements was primarily the result of 1) energy conservation programs were implemented at Airport facilities that reduced the amount of electric and natural gas consumption at the Airport in 2010 from 2009, and 2) a reduction in natural gas rates in 2010 from 2009. These two conditions reduced electric and natural gas utility costs in 2010 from 2009 by approximately \$19,017 and \$14,632, respectively.

The increase in repairs and maintenance disbursements was the result of certain of the Airport's non-essential annual maintenance programs that were suspended in 2009 due to limited available financial resources resumed in 2010.

The increase in interfund transfers-out was the result of the amount of matching funds, that the Port Authority was required to contribute from its General Fund into its Federal Airport Improvement Program and its Federal Small Community Air Service Development Program, increased in 2010 over 2009 due to an increase in activity in both Programs in 2010 from 2009.

All other General Fund disbursements remained moderately constant from 2009 to 2010.

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 2011. 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 are contained in the FAA's National Plan of Integrated Airport Systems. The *10-Year Master Plan* is available for viewing on the Port Authority's Website at www.YNGAirport.com.

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

Debt Administration - The Port Authority's outstanding debt as of December 31, 2010 for governmental activities is \$75,000 remaining for a zero-percent interest, general obligation loan from Trumbull County received on February 12, 2004, that was utilized to assist the Port Authority in providing an operational security deposit to Vacation Express Airlines necessary for the Airlines to begin its operations of providing direct commercial flights to Myrtle Beach, SC and to Orlando-Sanford Airport, FL. The remaining repayment schedule for the loan includes payments of \$50,000 and \$25,000 due on October 1 of 2011 and 2012, respectively.

The Port Authority's outstanding debt as of December 31, 2010 for business-type activities is \$87,958,397, \$8,102,995 in capital lease payments due to the Director of the Ohio Department of Development as related to the Timken Latrobe Steel Distribution Project, \$4,849,984 in loan payments due to the Director of the Ohio Department of Development as related to the EXAL Corporation Project, \$2,227,701 in loan payments due to the Summit County Port Authority as related to the EXAL Corporation Project, and \$72,777,717 in loan payments due to the Director of the Ohio Department of Development as related to the Central Waste, Inc. Project. However, as previously mentioned, the Port Authority's debt service obligations for the Timken, EXAL, and Central Waste, Inc. Projects are financed entirely by sublease payments made by Timken and loan payments made by EXAL and Central Waste to the Port Authority.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

General Fund and Economic Development Fund Budgeting Highlights

The Port Authority's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements, and encumbrances (budgetary basis of accounting). The *Statements of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual (Budget Basis)*, presents the Port Authority's estimated resources and appropriations for its major and non-major governmental funds and for its Economic Development Fund (proprietary fund). Budgeting highlights for the operating funds of the Port Authority's two Divisions follow:

The General Fund had final budgeted receipts of \$1,304,504 while actual receipts were \$1,404,538 for a positive variance of \$100,034. The General Fund had final budgeted disbursements of \$1,373,845 while actual disbursements were \$1,299,375 for a positive variance of \$74,470.

The Economic Development Fund had final budgeted receipts of \$388,693 while actual receipts were \$237,781 for a negative variance of \$150,912. The Economic Development Fund had final budgeted disbursements of \$347,243 while actual disbursements were \$284,786 for a positive variance of \$62,457.

Current Issues

Aviation Division

Concurrent with the appointment of the new Director of Aviation in April of 2010 and recognizing that the Airport is underutilized, yet its non-terminal facilities are at occupancy capacity, the Port Authority formulated and began implementing aggressively the following three initiatives:

Commercial Air Service Development Initiative of which the goals and objectives are to attract additional leisure air service and daily regional business service to and from connecting hub airports. For the leisure and vacation traveling community, the Airport is receiving consideration from Allegiant Air for future flights to such destinations as Fort Lauderdale, FL, Fort Myers, FL, and to Las Vegas, NV, potentially as early as the fourth quarter of 2011. For the business traveling community, the Airport has met with several airlines interested in servicing the Airport to and from such connecting hub airports as Washington-Dulles, Detroit-Metro, and Chicago O'Hare, potentially as early as the second quarter of 2012.

Corporate, General Aviation, and Other Aeronautical Development Initiative of which the goals and objectives are to satisfy present and anticipated demand for aeronautical facilities. Airport Management formulated a Plan for Development that, resultant of a multiphase process, identifies such demand and depicts proposed layouts of buildings, access, utilities, other necessary improvements, and a general use of land to accomplish the demand for the same. The first Project of the Plan for Development is the construction of the East Site Development Project, a designed / planned aircraft hangar and service facility development, for which \$1.1 mil is committed in 2011 for completing Phase I of the Project.

Air Cargo Development Initiative of which the goals and objectives are to establish domestic, national, and international air cargo and freight forwarding services at the Airport by implementing a cooperative strategy, that includes the Airport as a regional air cargo facility, with regional freight forwarders, shippers, consignees, and air cargo airlines that currently ship significant cargo to / from the area via other airports, that will result in shipping cargo more efficiently and at a lower cost.

In addition, in April 2011, the Port Authority approved a Declaration of Official Intent to issue bonds, at a maximum principal amount of not to exceed \$3,000,000, for funding Airport capital improvement projects which will improve the physical conditions and operational efficiencies of the Airport's current facilities. Port Authority management anticipates the bond issuance to occur in 2011.

Economic Development Division

The Port Authority has obtained in the past ten years, financing in excess of \$92,000,000 for economic development projects within Mahoning and Trumbull Counties. In 2008, in an effort to utilize fully its abilities as a port authority to advance economic development within Mahoning and Trumbull Counties, the Port Authority created the ED Division. The area's leading federal, state, county, and local public officials, as well as the area's leading active business organizations, recognize this Project as one of the area's most critical endeavors to job creation and successful economic development. With the support of these officials and organizations, coupled with significant monetary support already received or pledged from several area governmental units and community organizations, the Port Authority can dedicate additional personnel and resources toward accelerating its duty to be the cornerstone of economic development and growth for the community. As 2010 was only the ED Division's first full-year of operations, the undertaking of projects such as 1) assisting V&M Star with its \$650 million pipe mill construction project by purchasing the former Indalex property in Girard and leasing it to V&M for storage of construction materials during construction, 2) working with Trumbull County to become the lead agency in a countywide redevelopment plan to identify brownfield sites, and seeking state and federal funding for cleanup initiatives, and 3) spearheading a feasibility study to quantify how many business that could benefit from an intermodal facility located in the community, provide testimony to the ED Division's abilities and value to the community.

Contacting the Port Authority's Management

This financial report is designed to provide our users, citizens, taxpayers, creditors, and all other interested parties with a general overview of the Port Authority's finances and to reflect the Port Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Scott Lynn, Chairman of the Board of Directors, Western Reserve Port Authority, Youngstown-Warren Regional Airport, 1453 Youngstown-Kingsville Road, NE, Vienna, Ohio, 44473.

Western Reserve Port Authority, Ohio

Statement of Net Assets - Cash Basis

December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$440,579	\$286,131	\$726,710
Net Assets			
Restricted for:			
Capital Outlay	\$185,405	\$0	\$185,405
Unrestricted	255,174	286,131	541,305
Total Net Assets	\$440,579	\$286,131	\$726,710

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts				Net Receipts (Disbursements) and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Personal Services	\$476,397	\$249,882	\$0	\$0	(\$226,515)	\$0	(\$226,515)
Materials and Supplies	77,156	33,267	0	12,828	(31,061)	0	(31,061)
Contractual Services	498,083	165,813	19,965	130,861	(181,444)	0	(181,444)
Conferences and Travel	5,717	2,278	0	0	(3,439)	0	(3,439)
Utilities	200,266	105,045	0	0	(95,222)	0	(95,222)
Repair and Maintenance	74,859	39,266	0	0	(35,594)	0	(35,594)
Capital Outlay	465,474	0	0	512,497	47,022	0	47,022
Other Cash Disbursements	20,122	3,475	0	12,667	(3,980)	0	(3,980)
Total Governmental Activities	1,818,075	599,026	19,965	668,853	(530,232)	0	(530,232)
Business-Type Activities							
Personal Services	184,678	0	0	0	0	(184,678)	(184,678)
Materials and Supplies	807	0	0	0	0	(807)	(807)
Contractual Services	32,925	0	0	0	0	(32,925)	(32,925)
Conferences and Travel	3,107	0	0	0	0	(3,107)	(3,107)
Utilities	280	0	0	0	0	(280)	(280)
Conduit Debt Activity	6,460,432	6,460,432	0	0	0	0	0
Other Cash Disbursements	62,988	0	0	0	0	(62,988)	(62,988)
Total Business-Type Activities	6,745,218	6,460,432	0	0	0	(284,786)	(284,786)
Total	\$8,563,294	\$7,059,458	\$19,965	\$668,853	(530,232)	(284,786)	(815,018)
General Receipts							
Grants and Entitlements not Restricted to Specific Programs					720,139	175,000	895,139
Investment Earnings					2,129	2,045	4,174
Miscellaneous Receipts					64,896	60,736	125,633
Total General Receipts					787,164	237,781	1,024,945
Changes in Net Assets					256,933	(47,005)	209,927
Net Assets - January 1, 2010					183,646	333,136	516,782
Net Assets - December 31, 2010					\$440,579	\$286,131	\$726,709

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Airport Improvement Program	Passenger Facility Charge	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$255,174	\$47	\$185,357	\$440,578
Fund Balances				
Reserved for Encumbrances	\$72,416	\$0	\$0	\$72,416
Unreserved and/or Undesignated	182,758	47	185,357	368,162
Total Fund Balances	\$255,174	\$47	\$185,357	\$440,578

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Airport Improvement Program	Passenger Facility Charge	Other Fund	Total
Cash Receipts					
Operating Cash Receipts					
Fees and Charges for Services	\$188,607	\$0	\$0	\$0	\$188,607
Rental/Lease Income	410,418	0	0	0	410,418
Total Operating Cash Receipts	599,026	0	0	0	599,026
Non-Operating Cash Receipts					
Intergovernmental Receipts	740,104	555,960	0	0	1,296,064
Earnings on Investments	512	0	1,617	0	2,129
Other Cash Receipts	64,896	0	112,893	0	177,790
Total Non-Operating Cash Receipts	805,512	555,960	114,510	0	1,475,983
Total Cash Receipts	1,404,538	555,960	114,510	0	2,075,008
Cash Disbursements					
Personal Services	476,397	0	0	0	476,397
Materials and Supplies	63,423	13,733	0	0	77,156
Contractual Services	316,121	103,359	34,312	44,291	498,083
Conferences and Travel	4,344	0	0	1,373	5,717
Utilities	200,266	0	0	0	200,266
Repairs and Maintenance	74,859	0	0	0	74,859
Capital Outlay	0	465,474	0	0	465,474
Other Cash Disbursements	6,625	12,605	892	0	20,122
Total Cash Disbursements	1,142,035	595,171	35,204	45,665	1,818,075
Excess of Cash Receipts Over/(Under) Cash Disbursements	262,502	(39,211)	79,306	(45,665)	256,933
Other Financing Receipts and (Disbursements)					
Advances-In	0	0	0	30,445	30,445
Advances-Out	(30,445)	0	0	0	(30,445)
Transfers-In	0	39,259	0	15,220	54,479
Transfers-Out	(54,479)	0	0	0	(54,479)
Total Other Financing Receipts and (Disbursements)	(84,923)	39,259	0	45,665	0
Net Changes in Fund Cash Balances	177,579	47	79,306	0	256,933
Fund Cash Balances - January 1, 2010	77,595	0	106,051	0	183,646
Fund Cash Balances - December 31, 2010	\$255,174	\$47	\$185,357	\$0	\$440,579

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Receipts, Disbursements, and Changes in Fund Balance -
Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Operating Receipts				
Fees and Charges for Services	\$79,678	\$130,911	\$188,607	\$57,696
Rental/Lease Income	430,478	404,725	410,418	5,693
Total Operating Receipts	510,156	535,636	599,026	63,390
Non-Operating Receipts				
Intergovernmental Receipts	614,356	716,463	740,104	23,641
Earnings on Investments	0	0	512	512
Other Receipts	63,000	52,405	64,896	12,491
Total Non-Operating Receipts	677,356	768,868	805,512	36,644
Total Receipts	1,187,512	1,304,504	1,404,538	100,034
Disbursements				
Personal Services	547,451	551,436	476,397	75,039
Materials and Supplies	60,352	70,822	63,822	7,000
Contractual Services	266,826	326,653	357,126	(30,473)
Conferences and Travel	4,800	5,395	4,344	1,051
Utilities	239,000	222,165	230,500	(8,335)
Repair and Maintenance	45,208	85,584	75,637	9,947
Capital Outlay	0	0	0	0
Other Disbursements	7,200	3,505	6,625	(3,120)
Total Disbursements	1,170,837	1,265,560	1,214,452	51,108
Excess of Receipts Over/(Under) Disbursements	16,675	38,944	190,086	151,142
Other Financing Receipts and (Disbursements)				
Advances-In	0	0	0	0
Advances-Out	0	(30,445)	(30,445)	0
Transfers-In	0	0	0	0
Transfers-Out	(50,000)	(77,840)	(54,479)	23,361
Total Other Financing Receipts and (Disbursements)	(50,000)	(108,285)	(84,923)	23,362
Net Changes in Fund Balance	(33,325)	(69,341)	105,163	174,504
Fund Balance - January 1, 2010	21,751	21,751	21,751	
Prior Year Encumbrances Appropriated	55,844	55,844	55,844	
Fund Balance - December 31, 2010	\$44,270	\$8,254	\$182,758	\$174,504

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Receipts, Disbursements, and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Airport Improvement Program Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Non-Operating Receipts				
Intergovernmental Receipts	\$555,960	\$555,960	\$555,960	\$0
Other Receipts	0	0	0	0
Total Receipts	555,960	555,960	555,960	0
Disbursements				
Materials and Supplies	13,733	13,733	13,733	0
Contractual Services	103,359	103,359	103,359	0
Capital Outlay	465,474	465,474	465,474	0
Other Disbursements	12,605	12,605	12,605	0
Total Disbursements	595,171	595,171	595,171	0
Excess of Receipts Over/(Under) Disbursements	(39,211)	(39,211)	(39,211)	0
Other Financing Receipts				
Transfers-In	39,259	39,259	39,259	0
Total Other Financing Receipts	39,259	39,259	39,259	0
Net Changes in Fund Balance	47	47	47	0
Fund Balance - January 1, 2010	0	0	0	
Fund Balance - December 31, 2010	\$47	\$47	\$47	\$0

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Receipts, Disbursements, and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Passenger Facility Charge Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Non-Operating Receipts:				
Earnings on Investments	\$1,617	\$1,617	\$1,617	\$0
Other Receipts	112,893	112,893	112,893	0
Total Receipts	114,510	114,510	114,510	0
Disbursements				
Contractual Services	34,312	34,312	34,312	0
Other Disbursements	892	892	892	0
Total Disbursements	35,204	35,204	35,204	0
Net Changes in Fund Balances	79,306	79,306	79,306	0
Fund Balances - January 1, 2010	106,051	106,051	106,051	
Fund Balances - December 31, 2010	\$185,357	\$185,357	\$185,357	\$0

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Basis Assets and Fund Balances
Proprietary Funds
December 31, 2010

	Conduit Debt	Economic Development	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$0	\$286,131	\$286,131
Fund Balances			
Unreserved and/or Undesignated	\$0	\$286,131	\$286,131

See accompanying Notes to the Basic Financial Statements.

Western Reserve Port Authority, Ohio
Statement of Cash Receipts, Cash Disbursements, and
Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2010

	Conduit Debt	Economic Development	Total
Cash Receipts			
Operating Cash Receipts			
Conduit Debt - Sublease Payments	\$850,488	\$0	\$850,488
Conduit Debt - Payments for Bonds and Loans Debt Service	5,609,944	0	5,609,944
Total Operating Cash Receipts	6,460,432	0	6,460,432
Non-Operating Cash Receipts			
Intergovernmental Receipts	0	175,000	175,000
Earnings on Investments	0	2,045	2,045
Other Cash Receipts	0	60,736	60,736
Total Non-Operating Cash Receipts	0	237,781	237,781
Total Cash Receipts	6,460,432	237,781	6,698,213
Cash Disbursements			
Personal Services	0	184,678	184,678
Materials and Supplies	0	807	807
Contractual Services	0	32,925	32,925
Conferences and Travel	0	3,107	3,107
Utilities	0	280	280
Conduit Debt - Capital Lease Payments	850,488	0	850,488
Conduit Debt - Bonds and Loans Debt Service Payments	5,609,944	0	5,609,944
Other Cash Disbursements	0	62,988	62,988
Total Cash Disbursements	6,460,432	284,786	6,745,218
Net Changes in Fund Cash Balances	0	(47,005)	(47,005)
Fund Cash Balances - January 1, 2010	0	333,136	333,136
Fund Cash Balances - December 31, 2010	\$0	\$286,131	\$286,131

See accompanying Notes to the Basic Financial Statements.

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

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

Reporting Entity

The Port Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" regarding the definition of its financial reporting entity. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of all funds and departments that are not legally separate from the Port Authority.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2(C), these financial statements are presented on a cash-basis of accounting. The cash-basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. Generally Accepted Accounting Principles (GAAP) include all relevant (GASB) pronouncements, which have been applied to the extent they are applicable to the cash-basis of accounting. The Port Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, to its business-type activities and its proprietary (enterprise) funds, to the extent they are applicable to the cash-basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Port Authority has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and its proprietary funds, subject to this same limitation. The Port Authority elected not to apply these FASB Statements and Interpretations. Following are the more significant of the Port Authority's accounting policies.

A. Basis of Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Government-Wide Financial Statements The statement of net assets and the statement of activities display information about the Port Authority as a whole. The statements distinguish between those activities of the Port Authority that are governmental and those that are considered business-type. The government-wide statement of net assets presents the cash balances of the governmental and business-type activities of the Port Authority at year-end.

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

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

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

Fund financial statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements generally include costs of sales and services and administrative costs. All other receipts and disbursements are reported as non-operating. The fund statements for governmental funds and for proprietary funds report receipts as either operating or non-operating and all disbursements are considered operating.

B. Fund Accounting

The Port Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Port Authority maintains two categories of funds: governmental and proprietary.

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

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

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

Passenger Facility Charge Fund This Fund accounts for the financial resources of the Port Authority's *Passenger Facility Charge Program*. This Fund's receipts are received from the collection of passenger facility charges assessed to each enplaning commercial airline passenger as approved by the Federal Aviation Administration. These proceeds are only to be expended for construction and/or improvement of Port Authority airport facilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The Port Authority has one non-major governmental fund that accounts for the financial resources of the Port Authority's *Small Community Air Service Development* Federal Assistance Grant. This fund's receipts are received from the Department of Transportation and local moneys representing matching requirements. These proceeds are only to be expended for the development of commercial air service at the Airport. This non-major fund is presented in a single column in the accompanying financial statements.

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

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

Economic Development Fund This Fund accounts for the financial resources of the Port Authority's *Economic Development Division*. This Fund's receipts are contributions received from other governmental units and community organizations for advancing economic development within Mahoning and Trumbull Counties.

C. Basis of Accounting

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

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

D. Cash and Cash Equivalents

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

The Port Authority maintained the cash balances of its funds in interest and non-interest bearing checking accounts. Interest earned from these accounts during 2010 amounted to \$4,174 of which \$512 was credited to the General Fund. A non-interest bearing checking account is maintained due to regulations prohibiting the Port Authority from earning interest on available cash balances received from several of its federal financial assistance grants.

An analysis of the Port Authority's equity in pooled cash at December 31, 2010 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, 2010 are reported as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

F. Inventory

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

G. Capital Assets

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

H. Long-Term Obligations

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

I. Accumulated Leave Time

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

J. Fund Balance Reserves

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

K. Net Assets Restrictions

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation (adopted by the Port Authority), or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$185,405 of restricted net assets for governmental activities, all of which is restricted by agreements with grantors. The net assets for business-type activities are not restricted.

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

L. Interfund Activity

Non-exchange flows of cash from one fund to another are reported in the financial statements as interfund transfers. The Port Authority maintains certain federal programs that require the Port Authority to contribute local resources (matching funds) to support these programs. The Port Authority complied with the matching requirements of these programs by transferring \$39,259 from the General Fund into the Airport Improvement Program Fund and by transferring \$15,220 from the General Fund into the Small Community Air Service Development Fund (Non-Major Fund). Interfund transfers are reflected as other financing sources/(uses) in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Flows of cash from one fund to another that are expected to be repaid within a twelve-month period are reported in the financial statements as interfund advances. The Port Authority's Small Community Air Service Development Federal Assistance Grant is funded by the Department of Transportation (DOT) on a reimbursement-type basis. The Port Authority advanced \$30,445 from the General Fund into the Small Community Air Service Development Fund (Non-Major Fund) to satisfy current contractual obligations of the Program. Reimbursement from the DOT is expected in 2011. Interfund advances are reflected as other financing sources/(uses) in the accompanying financial statements.

M. Budgetary Process

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

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

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2010, the Port Authority has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES – (CONTINUED)

The implementation of GASB Statement No. 51, GASB Statement No. 53, and GASB Statement No. 58 did not affect the presentation of the financial statements and did not have an effect on the fund balances/net assets of the Port Authority as previously reported at December 31, 2009.

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes require the classification of funds held by the Port Authority into three categories. Active deposits are public deposits determined to be necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Port Authority treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits not required for use within the current five-year period of designation of depositories as identified by the Port Authority Board of Directors.

Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institution. Payment for investments may be made only upon delivery of the securities representing the investments to the Port Authority's Accounting and Business Manager or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

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

B. Deposits with Financial Institutions

At December 31, 2010, the carrying amount of the Port Authority's deposits was \$726,709 and the bank balance was \$730,848. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$692,774 of the Port Authority's bank balance was covered by Federal Deposit Insurance while \$38,074 of the Port Authority's bank balance was exposed to custodial credit risk as discussed below.

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

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

C. Investments

The Port Authority did not maintain any investments in 2010.

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

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits with financial Institutions	<u>\$726,709</u>
<u>Equity in Pooled Cash and Cash Equivalents Per Statement of Net Assets</u>	
Governmental Activities	\$440,579
Business-Type Activities	<u>286,130</u>
Total	<u>\$726,709</u>

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

General Fund encumbrances outstanding at December 31, 2010 (budgetary basis) amounted to \$72,416.

NOTE 6 – CAPITAL LEASE OBLIGATIONS

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

Future payments collectively for these capital lease obligations follow:

Year	Amount
2011	\$15,012
2012	4,893
2013	<u>1,016</u>
Total	<u>\$20,921</u>

The Port Authority satisfied its 2010 capital lease obligation requirements.

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 7 – TRUMBULL COUNTY – GENERAL OBLIGATION LOAN

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

Payment was not required in 2010. Future payments for this loan follow:

Date	Amount
October 1, 2011	\$50,000
October 1, 2012	<u>25,000</u>
 Total	 <u>\$75,000</u>

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

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

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

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

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

Payments totaling \$850,488 were made in 2010 to satisfy the current requirements of the Lease.

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

Year	Amount
2011	\$854,467
2012	854,468
2013	858,502
2014	858,129
2015	858,386
2016 – 2020	<u>3,819,043</u>
 Total	 <u>\$8,102,995</u>

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9 – EXAL CORPORATION PROJECT – CONDUIT DEBT OBLIGATION

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

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

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

Payments totaling \$1,309,319 were made in 2010 to satisfy the current principal and interest requirements of the Bonds and Loan.

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

Year	Amount
2011	\$907,556
2012	905,464
2013	904,906
2014	900,049
2015	894,995
2016	<u>337,014</u>
Total	<u>\$4,849,984</u>

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

Year	Amount
2011	\$399,219
2012	401,969
2013	403,569
2014	404,019
2015	413,175
2016	<u>205,750</u>
Total	<u>\$2,227,701</u>

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

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

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

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

Payments totaling \$4,300,625 were made in 2010 to satisfy the current principal and interest requirements of the Bonds.

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

Year	Amount
2011	\$4,301,728
2012	4,297,225
2013	4,297,118
2014	4,295,795
2015	4,297,895
2016 – 2020	21,405,838
2021 – 2025	21,340,913
2026 – 2027	<u>8,541,205</u>
 Total	 <u>\$72,777,717</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)

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

Funding Policy The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three *Plans*. The 2010 employee contribution rate was 10%. The 2010 employer contribution rate for local government employer units was 14%, of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the Port Authority's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For 2010, from January 1 through February 28, 8.5% of annual covered salary was the portion used to fund pension obligations, and from March 1 through December 31, 9% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the Port Authority are established and may be amended by the OPERS Board. The Port Authority's required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$85,657, \$57,669, and \$61,313, respectively, which were equal to the required contributions for each year.

NOTE 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

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

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB (benefits) to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

NOTE 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS – (CONTINUED)

Funding Policy The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 % of covered payroll for local government employers. Active members do not contribute to the OPEB Plan.

The OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010, the employer contribution allocated to the Health Care Plan was 5.5 % of covered payroll from January 1 through February 28 and 5% from March 1 through December 31. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Port Authority's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008, were \$23,017, \$18,653, and \$25,247, respectively, which were equal to the required contributions for each year.

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

NOTE 13 – CONTINGENT LIABILITIES

A. Pending Litigation

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

B. Grant Compliance

The Port Authority receives assistance from federal and state agencies in the form of grants. The disbursement of funds received under these grant programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims, including amounts already received, resulting from such audits could become a liability of the General Fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Port Authority at December 31, 2010.

NOTE 14 – RISK MANAGEMENT

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

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

Western Reserve Port Authority, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 14 – RISK MANAGEMENT – (CONTINUED)

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 15 – SUBSEQUENT EVENTS

In April 2011, the Port Authority approved a Declaration of Official Intent to issue bonds, at a maximum principal amount of not to exceed \$3,000,000, for funding Airport capital improvement projects. Port Authority management anticipates the bond issuance to occur in 2011.

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR Pass Through Grantor Program Title	Entity/Grant Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Porogram	3-39-0096-3709	20.106	339,630
	3-39-0096-3810	20.106	56,495
	3-39-0096-3910	20.106	<u>159,788</u>
Total U.S. Department of Transportation			<u>555,913</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Law Enforcement Officer Reimbursement Agreement Program	HSTS0208HSLR357	97.090	<u>19,965</u>
Total			<u><u>\$575,878</u></u>

The accompanying notes are an integral part of this schedule.

Western Reserve Port Authority, Ohio
Notes to the Schedule of Federal Award Expenditures
For the Year Ended December 31, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – MATCHING REQUIREMENTS

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

Western Reserve Port Authority, Ohio
Schedule of Passenger Facility Charges Collected and Expended
For the Year Ended December 31, 2010

Passenger Facility Charges Collected	\$112,893
Interest Earnings	<u>1,617</u>
Total	114,510
Passenger Facility Charges Expended	<u>(35,204)</u>
Increase in Unexpended Passenger Facility Charges	79,306
Unexpended Passenger Facility Charges – January 1, 2010	<u>106,051</u>
Unexpended Passenger Facility Charges – December 31, 2010	<u>\$185,357</u>

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

Western Reserve Port Authority, Ohio
*Note to the Schedule of Passenger Facility Charges
Collected and Expended
For the Year Ended December 31, 2010*

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

The Western Reserve Port Authority (Port Authority), for its operation of the Youngstown-Warren Regional Airport, has been granted FAA approval for its Application #5, which allows the Airport to assess a PFC for each passenger, at a rate of \$4.50, for the period April 1, 2007 through February 1, 2013.

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.



Dave Yost • Auditor of State

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

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

To the Board of Directors:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Reserve Port Authority (the Port Authority) as of and for the year ended December 31, 2010, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated September 20, 2011, wherein we noted the Port Authority uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Port Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Port Authority's management in a separate letter dated September 20, 2011.

We intend this report solely for the information and use of management, the audit committee, Board of Directors, federal awarding agencies, and others within the Port Authority. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 20, 2011



Dave Yost • Auditor of State

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

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

To the Board of Directors:

Compliance

We have audited the compliance of the Western Reserve Port Authority (the Port Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Port Authority's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Port Authority's major federal program. The Port Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Port Authority's compliance based on our audit.

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

In our opinion, the Western Reserve Port Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

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

Voinovich Government Center, 242 Federal Plaza W. Suite 302, Youngstown, Ohio 44503-1293
Phone: 330-797-9900 or 800-443-9271 Fax: 330-797-9949

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 20, 2011



Dave Yost • Auditor of State

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

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

To the Board of Directors:

Compliance

We have audited the compliance of Western Reserve Port Authority, (the Port Authority), Trumbull County, with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2010. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Western Reserve Port Authority's management. Our responsibility is to express an opinion on Western Reserve Port Authority's compliance based on our audit.

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

In our opinion, Western Reserve Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2010.

Internal Control Over Compliance

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

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with provisions of the passenger facility charge program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a program compliance requirement will not be prevented, or timely detected and corrected.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 20, 2011

**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULT

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**WESTERN RESERVE PORT AUTHORITY
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2010**

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

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WESTERN RESERVE PORT AUTHORITY

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2011**