Canter & Associates

ECONOMIC DEVELOPMENT AND FINANCE ALLIANCE
F/K/A TUSCARAWAS COUNTY PORT AUTHORITY
TUSCARAWAS COUNTY

REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2011-2012

Board of Directors
Economic Development and Finance Alliance f/k/a Tuscarawas County Port Authority
339 Oxford Street
Dover, Ohio 44622

We have reviewed the *Independent Auditor's Report* of the Economic Development and Finance Alliance f/k/a Tuscarawas County Port Authority, Tuscarawas County, prepared by Canter & Associates, for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Economic Development and Finance Alliance f/k/a Tuscarawas County Port Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

September 9, 2013

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ECONOMIC DEVELOPMENT AND FINANCE ALLIANCE
(F/K/A TUSCARAWAS COUNTY PORT AUTHORITY)
Tuscarawas County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Economic Development and Finance Alliance
f/k/a Tuscarawas County Port Authority
339 Oxford Street
Dover, Ohio 44622

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Economic Development and Finance Alliance, (the Authority), a component unit of Tuscarawas County, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Economic Development and Finance Alliance, as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows, thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1-N to the financial statements, during the year ended December 31, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Canter & Assoc

Canter & Associates
Poland, Ohio

June 26, 2013

The management discussion and analysis of the Economic Development and Finance Alliance ("the Alliance") financial performance provides an overall review of the Alliance's financial activities for the years ended December 31, 2012 and 2011. The intent of this discussion and analysis is to look at the Alliance's financial performance as a whole; readers are encouraged to consider information presented here as well as the basic financial statements to enhance their understanding of the Alliance's financial performance.

Financial Highlights

Key financial highlights for 2012 and 2011 are as follows:

- Total operating revenues were $1,673,858 and $1,334,012 for 2012 and 2011 respectively, a 25 percent increase from 2011 to 2012.

- Total operating expenses were $1,577,074 for 2012 and $1,127,304 for 2011, a $449,770 increase in expenses from 2011 to 2012.

- In 2011 net position increased $315,458. Net position increased $1,150,390 in 2012.

- Outstanding debt decreased from $3,835,569 to $3,609,610 through principal payments.

Using this Financial Report

This annual report consists of three parts, the MD&A, the basic financial statements, and notes to the basic financial statements. The basic financial statements include a statement of fund net position, statement of revenues, expenses and changes in fund net position and a statement of cash flows. Since the Alliance only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position

The Statement of Net Position answers the question, "How did we do financially during 2012 and 2011?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This change in net position is important because it tells the reader whether, for the Alliance as a whole, the financial position of the Alliance has improved or diminished. However, in evaluating the overall position of the Alliance, non-financial information such as changes in the condition of the Alliance's capital assets will also need to be evaluated.

This section contains a condensed comparison of assets, liabilities, net position, revenues and expenses and explanations for significant differences.

In the statement of fund net position and the statement of revenues, expenses and changes in fund net position, the Alliance is divided into two kinds of activities:

- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all or most of the cost of services provided.
- ***Component Unit*** – The Alliance's financial statements include financial data of the Business Park Incubator. This component unit is described in the notes to the financial statements. The component unit is separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

Table 1 provides a summary of the Alliance's net position for 2012, 2011 and 2010.

Table 1
Net Position

	2012	2011	2010
Assets:			
Current and other assets	$ 916,093	$ 176,804	$ 216,603
Non-current and capital assets	7,750,499	7,166,490	6,655,754
Total Assets	8,666,592	7,343,294	6,872,357
Liabilities:			
Current liablities	1,113,479	710,468	760,752
Long-term other liabilities	3,379,183	3,609,286	3,403,523
Total liabilities	4,492,662	4,319,754	4,164,275
Net Position:			
Net investment in capital assets	2,997,642	2,772,488	2,749,872
Unrestricted	1,176,288	251,052	(41,790)
Total Net Position	$ 4,173,930	$ 3,023,540	$ 2,708,082

Total assets increased in 2012 by $1,323,298. This increase is due to a grant receivable in the amount of $705,126 for the cleanup of West High property. The value of the West High property increased by $482,800. This increase is due to cleanup of the property. Current liabilities increased by $403,011, mainly due to an increase in contracts payable for the cleanup of the West High property. Long-term liabilities decreased by $230,103 this is due to the payment of debt.

Total assets increased in 2011 by $470,937. This is due to increase in cash from the sale of the Midvale property and loans receivable. Total liabilities increased by $155,479. This is due an increase in accounts payable for the amount owed for the renovations to the building that is being leased by Tremcar Inc. Total net position increased in 2011 by $315,458.

Table 2 shows the changes in net position for the years ended December 31, 2012, 2011 and 2010. Total net position increased by $1,150,390 in 2012. Total net position increased by $315,458 in 2011. Total net position increased by $298,575 in 2010.

The intergovernmental revenue increased in 2012 is due to a new grant for the cleanup of the West High property. Permit fees also increased by $214,600 which is due to additional applications for building plan approvals. Contractual services increased due to the cleanup expenses from the West High property.

Table 2
Revenues and Expenses

	2012	2011	2010
Operating Revenues:			
Charges for Services	$ 508,412	$ 532,908	$ 541,803
Rentals	560,204	390,725	406,180
Permit Fees	588,676	374,076	317,942
Other	16,566	36,303	0
Total Operating Revenues	1,673,858	1,334,012	1,265,925
Operating Expenses:			
Salaries and benefits	538,682	463,447	505,495
Contractual services	528,893	235,332	223,997
Material and supplies	18,147	13,733	16,106
Insurance	35,790	40,500	42,863
Travel	22,158	19,443	14,369
Utilities	137,024	116,899	121,730
Depreciation	177,332	173,944	172,421
Other	119,048	64,006	53,880
Total Operating Expenses	1,577,074	1,127,304	1,150,861
Operating Income (Loss)	96,784	206,708	115,064
Non-Operating Revenues (Expenses):			
Interest and fiscal charges	(108,566)	(129,950)	(105,493)
Gain on sale of capital assets	0	37,943	0
Intergovernmental	725,070	12,000	0
Interest	10,131	5,656	6
Other income	18,218	33,101	1,798
Net Non-Operating (Expenses)	644,853	(41,250)	(103,689)
Income (Loss) Before Capital Contributions	741,637	165,458	11,375
Capital Contributions	408,753	150,000	287,200
Change in Net Position	$ 1,150,390	$ 315,458	$ 298,575

Capital Assets

At the end of year 2012, the Alliance had $6,537,080 invested in land, buildings and improvements, land improvements, vehicles, office equipment and construction in progress. Table 3 shows fiscal year 2012 balances compared with 2011 and 2010.

Table 3
Capital Assets at December 31, 2012, 2011 and 2010
(Net of Depreciation)

	2012	2011	2010
Land	$ 792,609	$ 792,609	$ 842,609
Buildings and Improvements	5,653,434	5,710,333	5,442,442
Land Improvements	14,729	0	0
Vehicles	5,140	4,064	3,361
Office Equipment	10,031	11,632	11,899
Construction in Progress	61,137	5,889	5,889
Totals	$ 6,537,080	$ 6,524,527	$ 6,306,200

The $12,553 increase in capital assets in 2012 was attributable to additional purchases exceeding depreciation in the current year. The $68,873 decrease in 2011 is attributable to depreciation exceeding additional purchases. Note 3 provides additional information on capital asset activity.

Debt

The outstanding debt for the Alliance as of December 31, 2012 was $3,609,610. This is a decrease of $225,959 from the December 31, 2011 balance of $3,835,569. Table 4 summarizes outstanding debt.

Table 4
Debt at December 31, 2012, 2011 and 2010

	2012	2011	2010
Notes Payable	$ 0	$ 0	$ 50,000
Loans Payable	3,609,610	3,835,569	3,905,872
	$ 3,609,610	$ 3,835,569	$ 3,955,872

Additional information concerning the Alliance's debt can be found in Notes 6 and 8 to the basic financial statements.

Current Issues

Tremcar continued to grow in 2012. The company initially occupyied 48,500 square feet of renovated space starting in October 2011, leased an additional 32,832 square feet of space early in 2012, then added an additional 13,000 square feet of space in January 2013. Tremcar's total leasehold is now 94,332 square feet.

Deflecto continues to expand its Dover Operation now occupying approximately 150,000 square feet.

The Alliance continues to market the available space to provide a reasonably priced alternative to local and regional businesses.

The Reeves Mill Logistics Warehouse, a public warehouse, operated by the Alliance provides flexibility in the utilization of the available space, while still satisfying our Customers (all local businesses) needs. The Alliance Board again in December 2012 considered their alternatives and elected to continue to operate and develop the Reeves Mill Logistics Warehouse.

The Alliance completed the work in 2012 to clean-up the West High Property utilizing a Clean Ohio Revitalization Fund grant for $826,180. The total project cost will be about $730,000 or nearly $100,000 below budget. In April 2012, the TCPA Board approved the sale of the West High Property to Kathy Pietro for $770,000. Subsequent to the completion of the clean-up and the receipt of an Ohio Environmental Protection Agency "Comfort Letter" the TCPA Board and TCI, LLC (Kathy Pietro) closed on the sale of the property on March 22, 2013.

The Alliance continues to lease outdoor storage space to both Select Energy Services and Adler Tank Rental, annual revenues of $16,800 and $20,400 respectively. Both companies are intricately involved in the Oil and Gas Industry that has become a significant component of the region's economy. The Alliance continues to aggressively market and develop both its property at the Reeve's Mill Business Park, the Southern Gateway Business Park, and other privately owned properties available for development.

Finally, the Alliance and Schlumberger are continuing to partner on the development of Schlumberger's Base of Operations in Strasburg, Ohio. The Alliance is developing the property and lease the land and improvements to Schlumberger for a term not less than five years

Contacting the Economic Development and Finance Alliance's Financial Management

This financial report is intended to provide our citizens, investors and creditors with a general overview of the Alliance's finances and to demonstrate the Alliance's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Executive Director at the Economic Development and Finance Alliance, 339 Oxford Street Dover, Ohio 44622.

Economic Development and Finance Alliance
(F/K/A Tuscarawas County Port Authority)
Tuscarawas County
Comparative Statement of Fund Net Position
Proprietary Fund
December 31, 2012 and 2011

	2012		2011	
	Primary Government	Component Unit	Primary Government	Component Unit
	Business-Type Activities	Business Park Incubator	Business-Type Activities	Business Park Incubator
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$ 67,191	$ 4,357	$ 14,789	$ 3,703
Loans Receivable	26,739	0	25,779	0
Accounts Receivable	117,037	0	124,236	13,466
Intergovernmental Receivable	705,126	0	12,000	0
Total Current Assets	916,093	4,357	176,804	17,169
Non-Current Assets:				
Loans Receivable - net of current portion	373,237	0	271,223	0
Deferred Charges	70,172	0	83,530	0
Deposits	10	0	10	1,365
Asset Held for Resale	770,000	0	287,200	0
Non-Depreciable Capital Assets	853,746	0	798,498	0
Depreciable Capital Assets, Net	5,683,334	3,972	5,726,029	7,227
Total Non-Current Assets	7,750,499	3,972	7,166,490	8,592
Total Assets	8,666,592	8,329	7,343,294	25,761
Liabilities				
Current Liabilities:				
Accounts Payable	67,626	0	412,061	38,126
Contracts Payable	730,543	0	0	0
Accrued Wages	3,456	0	554	0
Intergovernmental Payable	24,786	0	24,030	0
Unearned Revenue	30,191	0	41,579	0
Accrued Interest Payable	6,450	0	5,961	0
Refundable Deposit	20,000	0	0	0
Loans Payable	230,427	0	226,283	0
Total Current Liabilities	1,113,479	0	710,468	38,126
Long-Term Liabilities:				
Loans Payable - net of current portion	3,379,183	0	3,609,286	0
Total Liabilities	4,492,662	0	4,319,754	38,126
Net Position				
Net Investment in Capital Assets	2,997,642	3,972	2,772,488	7,227
Unrestricted	1,176,288	4,357	251,052	(19,592)
Total Net Position	$ 4,173,930	$ 8,329	$ 3,023,540	$ (12,365)

The accompanying notes are an integral part of the basic financial statements.

Economic Development and Finance Alliance
(F/K/A Tuscarawas County Port Authority)
Tuscarawas County
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Years Ended December 31, 2012 and 2011

	2012		2011	
	Primary Government	Component Unit	Primary Government	Component Unit
	Business-Type Activities	Business Park Incubator	Business-Type Activities	Business Park Incubator
Operating Revenues				
Charges for Services	$ 508,412	$ 0	$ 532,908	$ 0
Rentals	560,204	0	390,725	0
Permit Fees	588,676	0	374,076	0
Contributions	0	90,758	0	46,800
Other	16,566	400	36,303	10,515
Total Operating Revenues	1,673,858	91,158	1,334,012	57,315
Operating Expenses				
Salaries and Benefits	538,682	0	463,447	0
Contractual Services	528,893	400	235,332	0
Materials and Supplies	18,147	0	13,733	75
Insurance and Bonding	35,790	0	40,500	0
Facility Rent	0	46,800	0	46,800
Travel	22,158	0	19,443	0
Utilities	137,024	19,109	116,899	23,138
Depreciation	177,332	3,255	173,944	2,603
Other	119,048	900	64,006	695
Total Operating Expenses	1,577,074	70,464	1,127,304	73,311
Operating Income (Loss)	96,784	20,694	206,708	(15,996)
Non-Operating Revenues (Expenses)				
Interest	10,131	0	5,656	0
Intergovernmental	725,070	0	12,000	0
Gain on Sale of Capital Assets	0	0	37,943	0
Interest and Fiscal Charges	(108,566)	0	(129,950)	0
Other Income	18,218	0	33,101	0
Total Non-Operating Revenues (Expenses)	644,853	0	(41,250)	0
Income (Loss) Before Capital Contributions	741,637	20,694	165,458	(15,996)
Capital Contributions	408,753	0	150,000	0
Change in Net Position	1,150,390	20,694	315,458	(15,996)
Net Position Beginning of Year	3,023,540	(12,365)	2,708,082	3,631
Net Position End of Year	$ 4,173,930	$ 8,329	$ 3,023,540	$ (12,365)

The accompanying notes are an integral part of the basic financial statements.

Economic Development and Finance Alliance
(F/K/A Tuscarawas County Port Authority)
Tuscarawas County
Comparative Statement of Cash Flows - Proprietary Fund
For the Years Ended December 31, 2012 and 2011

	2012		2011	
	Primary Government Business-Type Activities	Component Unit Business Park Incubator	Primary Government Business-Type Activities	Component Unit Business Park Incubator
Cash flows from Operating Activities:				
Cash Received from Customers	$ 1,669,669	$ 3,143	$ 1,357,383	$ 19,056
Other Operating Receipts	0	784	0	0
Cash Payments to Suppliers for Goods and Services	(18,622)	(1,973)	(12,385)	(18,384)
Cash Payments for Employees Services and Benefits	(535,024)	0	(525,653)	0
Cash Payments for Contractual Services	(539,620)	(400)	(73,831)	(75)
Other Cash Payments	(119,510)	(900)	(63,422)	(695)
Net Cash Provided by (Used for) Operating Activities	456,893	654	682,092	(98)
Cash Flows from Noncapital Financing Activities:				
Loans made to Another Entity	0	0	(309,497)	0
Payment made on Loans Receivable	25,779	0	12,495	0
Other Income	18,218	0	33,101	0
Intergovernmental	31,944	0	12,000	0
Principal Paid on Notes Payable	0	0	(50,000)	0
Net Cash Provided by (Used for) Noncapital Financing Activities	75,941	0	(301,901)	0
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Capital Assets	0	0	302,500	0
Acquisition of Capital Assets	(189,885)	0	(506,831)	0
Principal Payments on Loans	(225,959)	0	(70,303)	0
Interest Paid on All Debt	(94,719)	0	(123,418)	0
Net Cash (Used for) Capital and Related Financing Activities	(510,563)	0	(398,052)	0
Cash Flows from Investing Activities:				
Receipts of Interest	10,131	0	5,656	0
Refundable Deposit	20,000		0	0
Net Cash Provided by Noncapital Financing Activities	30,131	0	5,656	0
Net Increase/(Decrease) in Cash and Cash Equivalents	52,402	654	(12,205)	(98)
Cash and Cash Equivalents Beginning of Year	14,789	3,703	26,994	3,801
Cash and Cash Equivalents End of Year	$ 67,191	$ 4,357	$ 14,789	$ 3,703
Reconciliation of Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ 96,784	$ 20,694	$ 206,708	$ (15,996)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	177,332	3,255	173,944	2,603
(Increase) Decrease in Assets:				
Deposits	0	1,365	0	0
Accounts Receivable	7,199	13,466	12,494	(1,965)
Prepaids	0	0	11,105	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(64,435)	(38,126)	328,423	15,260
Contracts Payable	247,743	0	0	0
Accrued Wages	2,902	0	(12,272)	0
Unearned Revenue	(11,388)	0	10,877	0
Intergovernmental Payable	756	0	(49,187)	0
Net Cash Provided by (Used for) Operating Activities	$ 456,893	$ 654	$ 682,092	$ (98)

Noncash Capital Financing Activities:
In 2012 and 2011, there was $408,000 and $150,000 improvements done to the A/K Steel building by Tremcar, respectively.

The accompanying notes are an integral part of the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Economic Development and Finance Alliance (the Alliance), formerly known as the Tuscarawas Port Authority, is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the entity's management and board who are responsible for their integrity and objectivity. These policies have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The Economic Development and Finance Alliance, Tuscarawas County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Section 4582.02 of the Ohio Revised Code. The Alliance was created December 31, 2000. The Alliance is governed by a five-member Board of Directors. Members of the Board are appointed by the Tuscarawas County Commissioners. The purpose of the Alliance is to be involved in the activities that enhance foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Tuscarawas County.

The Alliance is a component unit of Tuscarawas County since the members of the Alliance are appointed by the Tuscarawas County Board of Commissioners and the Alliance is economically dependent on the County for financial support. Tuscarawas County Commissioners have no authority regarding the day-to-day activities and business affairs of the Alliance beyond the creation of the Alliance and the appointment of its Board of Directors. Tuscarawas County maintains its own accounting functions, is a separate reporting entity, and its financial activity is not included within the financial statements of the Alliance.

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 Alliance consists of its general operating fund.

Component units are legally separate organizations for which the Alliance is financially accountable. The Alliance is financially accountable for an organization if the Alliance appoints a voting majority of the organization's governing board and (1) the Alliance is able to significantly influence the programs or services performed or provided by the organizations; (2) the Alliance is legally entitled to or can otherwise access the organization's resources; (3) the Alliance is legally obligated or has otherwise assumed the responsibility to finance the deficits, or provide financial support to, the organization; or (4) the Alliance is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the Alliance in that the Alliance approves the budget, the issuance of debt or the levying of taxes.

Discretely Presented Component Unit – The component unit column in the entity-wide financial statements identifies the financial date of the Alliance's component unit, Business Park Incubator. It is reported separately to emphasize that it is legally separate from the Alliance.

Business Park Incubator – The Business Park Incubator, Inc. (the "Business Park") is a legally separate entity and was incorporated as a not-for-profit under the laws of the State of Ohio on August 7, 2003. Operations of the Business Park commenced March 1, 2005. The Business Park was organized for the purpose to develop and promote a business incubator in order to aid development of scalable, light manufacturing, assembly, service, or other businesses within Tuscarawas County and the surrounding areas and communities. The Business Park's board members are appointed by the Economic Development and Finance Alliance's board of directors. Since the Business Park imposes a financial burden on the Economic Development and Finance Alliance, the Business Park is reflected as a component unit of the Alliance. Financial statements can be obtained from Andy Chapman, Treasurer, Business Park Incubator, 315 East Broadway, Dover, Ohio 44622.

The Alliance's management believes these financial statements present all activities for which the Alliance is financially accountable.

B. Basis of Accounting

The financial statements of the Alliance have been prepared in conformity with generally accepted accounting principles (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 reporting principles. The most significant of the Alliance's accounting policies are described below.

The Alliance's financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

The Alliance uses a single enterprise fund 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.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

C. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Alliance are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Alliance finances and meets the cash flow needs of its enterprise activity.

D. Fund Accounting

The Alliance maintains an enterprise fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Alliance. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

E. Pooled Cash and Cash Equivalents

To improve cash management, all cash received by the Alliance is pooled. All money is maintained in this pool. The Alliance's interest in the pool is presented as "equity in pooled cash and cash equivalents."

For purposes of the statement of cash flows, the Alliance considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Deferred Charges

On the financial statements, loan issuance costs are recorded as an expenditure when incurred. Loan issuance costs are reported as deferred and amortized over the term of the loans using the straight-line method on the financial statements, since the results are not significantly different from the effective interest method.

G. Accrued Liabilities and Long-Term Obligations

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. Bonds and long-term loans are recognized as a liability on the financial statements when due.

H. Budgetary Process

Ohio Rev. Code Section 4582.13 requires that each fund be budgeted annually. This budget includes estimated receipts and appropriations.

1. **Appropriations**

   The Board annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control. Unencumbered appropriations lapse at year end.

2. **Estimated Resources**

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

3. Encumbrances

The Alliance reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and are not reappropriated.

I. Capital Assets

Capital assets utilized by the Alliance are reported on the statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their fair market values as of the date received. The Alliance maintains a capitalization threshold of five hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land and Construction in Progress	N/A
Buildings and Improvements	39 Years
Vehicles	5 Years
Office Equipment	7 Years

J. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments

The Alliance did not have any restricted net position for 2012 and 2011.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Alliance, these revenues are rental fees and permit fees. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Alliance. All revenue and expenses not meeting these definitions are classified as nonoperating.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Contributions of Capital

Contributions of capital on the financial statements arise from outside contributions of capital assets or contributions of resources restricted to capital acquisition and construction.

N. Implementation of New Accounting Policies

For the year ended December 31, 2012, the Alliance has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, and GASB Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the Alliance.

NOTE 2: CASH AND CASH EQUIVALENTS

State statues classify monies held by the Alliance into three categories.

Active monies are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash in the Alliance 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 that the Alliance has identified as not required for use within the current five year period of designation of depositories. 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 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 or deposit accounts including passbook accounts.

Interim monies to 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 any other obligation guaranteed as to principal or 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 any other obligations of the State of Ohio;

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 (STAROhio).

7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any 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 noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 Alliance, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, uninsured public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Alliance's name. During 2012 and 2011, the Alliance and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the Alliance's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the uninsured deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Alliance.

At December 31, 2012 and 2011, the carrying amount of the Alliance's deposits were $67,191 and $14,789, which includes petty cash in the amount of $424 and $409, respectively. The bank balances were $82,290 and $43,007, respectively, which were covered by Federal Depository Insurance.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2011 was as follows:

	* Restated Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Capital Assets Not Being Depreciated:				
Land	$ 842,609	$ 0	$ (50,000)	$ 792,609
Construction in Progress	5,889	0	0	5,889
Total Capital Assets, Not Being Depreciated	848,498	0	(50,000)	798,498
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,312,026	649,226	(264,942)	6,696,310
Vehicles	47,638	4,516	(14,009)	38,145
Office Equipment	30,583	3,090	0	33,673
Total Capital Assets, Being Depreciated	6,390,247	656,832	(278,951)	6,768,128
Less Accumulated Depreciation:				
Buildings and Improvements	(869,584)	(166,774)	50,381	(985,977)
Vehicles	(44,277)	(3,813)	14,009	(34,081)
Office Equipment	(18,684)	(3,357)	0	(22,041)
Total Accumulated Depreciation	(932,545)	(173,944)	64,390	(1,042,099)
Total Capital Assets Being Depreciated, Net	5,457,702	482,888	(214,561)	5,726,029
Total Governmental Activity Capital Assets, Net	$ 6,306,200	$ 482,888	$ (264,561)	$ 6,524,527

* $287,200 was reclassified from capital assets to asset held for resale.

Capital asset activity for the fiscal year ended December 31, 2012 was as follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital Assets Not Being Depreciated:				
Land	$ 792,609	$ 0	$ 0	$ 792,609
Construction in Progress	5,889	61,137	(5,889)	61,137
Total Capital Assets, Not Being Depreciated	798,498	61,137	(5,889)	853,746
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,696,310	116,073	0	6,812,383
Land Improvements	0	16,365	0	16,365
Vehicles	38,145	2,199	0	40,344
Office Equipment	33,673	0	0	33,673
Total Capital Assets, Being Depreciated	6,768,128	134,637	0	6,902,765
Less Accumulated Depreciation:				
Buildings and Improvements	(985,977)	(172,972)	0	(1,158,949)
Land Improvements	0	(1,636)	0	(1,636)
Vehicles	(34,081)	(1,123)	0	(35,204)
Office Equipment	(22,041)	(1,601)	0	(23,642)
Total Accumulated Depreciation	(1,042,099)	(177,332)	0	(1,219,431)
Total Capital Assets Being Depreciated, Net	5,726,029	(42,695)	0	5,683,334
Total Governmental Activity Capital Assets, Net	$ 6,524,527	$ 18,442	$ (5,889)	$ 6,537,080

NOTE 4: DEFINED BENEFIT PENSION PLANS

Pension Benefit Obligation

Plan Description - The Alliance participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. 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. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2012, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively.

The Alliance contribution rate for 2012 was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

The Alliance's required contributions for pension obligations for the traditional and combined plans for the years ended December 31, 2012, 2011 and 2010 were $38,554, $32,899 and $28,125, respectively. 88.5 percent has been contributed for 2012 and 100 percent 2011 and 2010. Contributions to the member-directed plan for 2012 and 2011 were $1,818 and $1,934 for members and $2,545 and $2,707 for the employer, respectively.

Post-Employment Benefits

Plan Description – Ohio Public Employees Retirement System (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 defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care 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 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 meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution 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 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.
The Alliance's contributions allocated fund post-employment health care benefits for the years ended December 31, 2012, 2011 and 2010 were $15,422, $13,160 and $22,098, respectively. For 2012, 88.5 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 5: RISK MANAGEMENT

The Alliance is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

The Alliance has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- General liability and casualty

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year.

The Alliance also provided health insurance and vision coverage to full-time employees through the Tuscarawas County Employees Self-Insurance Plan.

NOTE 6: NOTE PAYABLE

In April 2006, the Alliance took out a revolving loan authorized up to $50,000 with J.P. Morgan Chase Bank. In 2008, the Alliance's revolving loan limit was increased to $150,000. The proceeds were used for operating capital. The interest rate is prime plus one percent and is re-set monthly. As of December 31, 2011 there was no amount outstanding.

Changes in note obligations of the Alliance during the year ended December 31, 2011 consisted of the following:

	Outstanding 1/1/2011	Additions	Reductions	Outstanding 12/31/2011	Amounts Due In One Year
J.P. Morgan Chase - 4.25%	$ 50,000	$ 0	$ (50,000)	$ 0	$ 0

NOTE 7: RECEIVABLES

Receivables at December 31, 2012 and 2011 consisted of accounts (billings for user charged rents), loans receivable and intergovernmental receivables arising from grants. All receivables are deemed collectible in full.

The loan receivable in the amount of $261,726 and $287,505 at December 31, 2012 and 2011, respectively, reflects the purchase of the Midvale property by Advantech. Advantech is to make monthly payments to the Alliance of $2,989 at 3.66 percent for the next forty-five months.

In 2012 the Alliance entered into a loan agreement with Tremcar, USA Inc. for $128,753. The monies were used to upgrade the AK Steel building. The loan will accrue no interest until January 1, 2017. Monthly installments will beginning January 1, 2017 in the amount of $1,270.59 with an interest rate of 3 percent.
Final payment will be due September 1, 2026.

The $9,497 loan receivable from Tremcar USA, Inc. is for financing charges. The financing charges were paid by the Alliance to the Tuscarawas County Commissioners on Tremcar's behalf for a $150,000 loan.

Loans receivable activity for the fiscal year ended December 31, 2011 was as follows:

	Outstanding 1/1/2011	Additions	Reductions	Outstanding 12/31/2011	Amount to be Received In One Year
Advantach - 3.66%	$ 0	$ 300,000	$ (12,495)	$ 287,505	$ 25,779
Tremcar USA, Inc. - 0%	0	9,497	0	9,497	0
Total	$ 0	$ 309,497	$ (12,495)	$ 297,002	$ 25,779

Loans receivable activity for the fiscal year ended December 31, 2012 was as follows:

	Outstanding 1/1/2012	Additions	Reductions	Outstanding 12/30/2012	Amount to be Received In One Year
Advantach - 3.66%	$ 287,505	$ 0	$ (25,779)	$ 261,726	$ 26,739
Tremcar USA, Inc. - 3%	0	128,753	0	128,753	0
Tremcar USA, Inc.- 0%	9,497	0	0	9,497	0
Total	$ 297,002	$ 128,753	$ (25,779)	$ 399,976	$ 26,739

The annual requirements to retire the receivable are as follows:

	Loans Receivable	
Year	Principal	Interest
2013	$ 26,739	$ 9,132
2014	27,734	8,136
2015	28,766	7,103
2016	29,837	6,032
2017	42,160	8,628
2018-2021	175,557	19,188
2022-2026	69,183	5,399
Totals	$ 399,976	$ 63,618

NOTE 8: LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Alliance during the year ended December 31, 2011 consisted of the following:

	Outstanding 1/1/2011	Additions	Reductions	Outstanding 12/31/2011	Amounts Due In One Year
General long-term obligations:					
Loans Payable - TCC-0.0%	$ 718,099	$ 0	$ (35,834)	$ 682,265	$ 41,669
Loans Payable - JP Morgan Chase - 3.15%	3,187,773	0	(34,469)	3,153,304	184,614
	$ 3,905,872	$ 0	$ (70,303)	$ 3,835,569	$ 226,283

Changes in long-term obligations of the Alliance during the year ended December 31, 2012 consisted of the following:

	Outstanding 1/1/2012	Additions	Reductions	Outstanding 12/31/2012	Amounts Due In One Year
General long-term obligations:					
Loans Payable - TCC-0.0%	$ 682,265	$ 0	$ (41,669)	$ 640,596	$ 41,669
Loans Payable - JP Morgan Chase - 3.15%	3,153,304	0	(184,290)	2,969,014	188,758
	$ 3,835,569	$ 0	$ (225,959)	$ 3,609,610	$ 230,427

In September 2005, the Alliance borrowed $4,200,000 from J. P. Morgan Chase Bank. The proceeds were used to pay $1,200,000 of the debt to the Tuscarawas County Commissioners and $2,809,729 of loans from the various banks. In 2011 the terms of the loan were renegotiated. The loan will bear interest at the Treasury Securities Rate plus 2.87 percent. The interest rate will be reset annually. The Alliance will again renegotiate the terms of this loan in 2016.

In May 2006, the Alliance entered into a loan consolidation agreement with the Tuscarawas County Commissioners. This agreement rolled three notes payable outstanding into one long-term note. The loan bears no interest. The loan is to be paid back in $2,500 monthly payments with the last payment due in December 2034. However, the loan agreement required the Alliance to pay all proceeds from the balance of the Midvale property or land to the Tuscarawas County Commissioners if sold before the loan is paid off.

In 2011 the Alliance sold the Midvale property for $300,000. The Tuscarawas County Commissioners agreed to increase the monthly payments made by the Alliance from $2,500 to $3,472 until June 2016. At that time a balloon payment will be made in the amount of $166,665 which will pay the remainder of the loan on the Midvale property and release the Tuscarawas County Commissioners interest in the property. In July 2016 the monthly payments will resume to $2,500 with the last payment being made May 2027.

The annual requirements to retire debt are as follows:

	Loans Payable	
Year	Principal	Interest
2013	$ 230,427	$ 86,459
2014	236,265	80,673
2015	242,285	74,711
2016	2,587,533	68,568
2017	30,000	0
2018-2022	150,000	0
2023-2027	133,100	0
Totals	$ 3,609,610	$ 310,411

Promissory note

On December 15, 2011, the Tuscarawas County Port Authority (the Port) and Tremcar, Inc/Tremcar USA, Inc, jointly became co-makers of a promissory note in the amount of one hundred and fifty thousand dollars ($150,000) with interest of three percent (3%) per annum on the unpaid balance, payable in monthly installments, due the Board of Tuscarawas County Commissioners, commencing on January 1, 2012 and concluding on December 1, 2016.

Tremcar, Inc/Tremcar USA, Inc is first liable for said payments with the Port being secondary liable for the debt as a co-maker. No disclosure of the debt is presented on the financial statements or notes thereof of the Port for this audit period, in that Tremcar, Inc/Tremcar USA, Inc has made all the debt payment requirements in 2012. This debt was signed and agreed to by the Port and Tremcar, Inc/Tremcar USA, Inc and approved by the Tuscarawas County Prosecutor’s Office.

NOTE 9: OPERATING LEASES – LESSOR DISCLOSURE

The Alliance leases building space under leases that are considered non-cancelable by either party. A summary of the cost and carrying value of each asset and the amount of lease payments that came due during the period (including outstanding amounts) is summarized below. As of December 31, 2012 and 2011, the Alliance had no outstanding lease payments; therefore, no accounts receivable are reported within the basic financial statements.

2011

Leased Asset	Asset Cost	Accumulated Depreciation	Carrying Value
TCPA Business Park	$ 3,454,750	$ 502,350	$ 2,952,400

2012

Leased Asset	Asset Cost	Accumulated Depreciation	Carrying Value
TCPA Business Park	$ 3,454,750	$ 590,933	$ 2,863,817

The following is a schedule of future long-term lease payments required under the operating leases as of December 31, 2012:

		Operating Lease
Year Ending December 31,	2013	470,303
	2014	415,932
	2015	404,525
	2016	403,125
	2017	387,725
	2018-2022	1,711,835
	2023-2026	317,616
Total Lease Payments		$4,111,061

NOTE 10: CONCENTRATION OF CREDIT RISK

The Alliance maintains its activities within the Tuscarawas County, Ohio geographical area. The performance of its operational activities will be dependent on the performance of its tenants. The results of these companies and the operations of the Alliance projects may be dependent on the economical conditions of the local trade area.

NOTE 11: CONDUIT DEBT OBLIGATIONS

In 2012, the Alliance has issued a promissory note in the amount of $280,000 to provide financial assistance to Tremcar USA, Inc. The monies were used for upgrades to the facilities. The Alliance has no obligation for the repayment of this debt. The promissory note is not indebtedness of the Alliance and is therefore not reported on the Alliance's balance sheet. At December 31, 2012, the principal amount outstanding was $274,989.

NOTE 12: SUBSEQUENT EVENT

In 2013 the Alliance finalized the sale of the West High property. The property was sold for $770,000.

NOTE 13: BUSINESS PARK INCUBATOR – COMPONENT UNIT

A. Description of Business Park Incubator

The Business Park Incubator, Inc. (the "Business Park") was incorporated as a not-for-profit under the laws of the State of Ohio on August 7, 2003. Operations of the Business Park commenced March 1, 2004. The Business Park was organized for the purpose to develop and promote a business incubator in order to aid development of scalable, light manufacturing, assembly, service, or other businesses within Tuscarawas County and the surrounding areas and communities. On March 22, 2006 the Business Park received an exemption from Federal income tax under IRC Section 501(c)(3), effective August 7, 2003. Since the business park imposes a financial burden on the Alliance, the Business Park is reflected as a component unit of Economic Development and Finance Alliance. The Business Park has a December 31 year end.

The financial statements of the Business Park have been prepared in conformity with generally accepted accounting principles (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 reporting principles. The most significant of the Business Park's accounting policies are described below.

B. Summary of Significant Accounting Policies

The Business Park reports its operations as a single enterprise fund. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. Measurement Focus and Basis of Accounting

The Business Park's fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. Net position (i.e., equity) is segregated into invested in capital assets, net of related debt, and unrestricted components. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made. The Business Park uses the accrual basis of accounting in which revenue is recognized when earned and expenses when incurred.

2. Cash

To improve cash management, cash received by the Business Park is pooled in a central bank account. The Business Park has no investments. Investment procedures are restricted by the provisions of the Ohio Revised Code.

3. Capital Assets

Capital assets at the Business Park are capitalized. All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated capital assets are recorded at their fair market values as of the date donated.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fund capital assets.

Depreciation is computed using the straight-line basis over the following estimated useful lives:

Description	Estimated Lives
Improvements other than buildings	10 Years
Furniture and Equipment	5 -10 Years

4. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activity. For the Business Park, these revenues are contributions and other revenues. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Business Park. All revenue and expenses not meeting these definitions are classified as non-operating.

5. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

C. Deposits and Investments

The Business Park follows the same statutory requirements for deposits and investments as the primary government (See Note 2).

D. Risk Management

The Business Park is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

The Business Park has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- General liability and casualty

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

E. Capital Assets

A summary of the Business Park's capital assets at December 31, 2011 follows:

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Depreciated Captial Assets:				
Improvements other than buildings	$ 28,768	$ 0	$ 0	$ 28,768
Furniture and equipment	10,256	0	0	10,256
Total cost	39,024	0	0	39,024
Less: Accumulated depreciation:				
Improvements other than buildings	(19,477)	(2,879)	0	(22,356)
Furniture and equipment	(9,716)	275	0	(9,441)
Total accumulated depreciation	(29,193)	(2,604)	0	(31,797)
Total capital assets being depreciated, net	$ 9,831	$ (2,604)	$ 0	$ 7,227

A summary of the Business Park's capital assets at December 31, 2012 follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Depreciated Captial Assets:				
Improvements other than buildings	$ 28,768	$ 0	$ 0	$ 28,768
Furniture and equipment	10,256	0	0	10,256
Total cost	39,024	0	0	39,024
Less: Accumulated depreciation:				
Improvements other than buildings	(22,356)	(2,878)	0	(25,234)
Furniture and equipment	(9,441)	(377)	0	(9,818)
Total accumulated depreciation	(31,797)	(3,255)	0	(35,052)
Total capital assets being depreciated, net	$ 7,227	$ (3,255)	$ 0	$ 3,972

F. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Business Park applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Economic Development and Finance Alliance
f/k/a Tuscarawas County Port Authority
339 Oxford Street
Dover, Ohio 44622

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Economic Development and Finance Alliance, (the Authority) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 26, 2013, wherein we noted the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows, Deferred Inflows of Resources, and Net Position.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevented or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Canter & Assoc.

Canter & Associates
Poland, Ohio

June 26, 2013

ECONOMIC DEVELOPMENT AND FINANCE ALLIANCE F/K/A TUSCARAWAS COUNTY PORT AUTHORITY

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 19, 2013

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