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

REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2013-2014

Dave Yost • Auditor of State

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, 2013 through December 31, 2014. 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 24, 2015

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ECONOMIC DEVELOPMENT AND FINANCE ALLIANCE
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, 2014 and 2013, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require us to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2014 and 2013, 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, 2013, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No.65, *Items Previously Reported as Assets and Liabilities.* 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 that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Canter & Assoc

Canter & Associates
Poland, Ohio

June 29, 2015

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, 2014 and 2013. 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 2014 are as follows:

- Total operating revenues were $1,506,802 and $1,529,967 for 2014 and 2013 respectively, a 9 percent decrease from 2012 to 2013.

- Total operating expenses were $1,404,606 and $1,394,218 for 2014 and 2013 respectively, a 12 percent decrease from 2012 to 2013.

- Net position increased $31,009 and $94,138 in 2014 and 2013, respectively.

- Outstanding debt decreased from $2,977,288 to $2,770,804 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 2014 and 2013?" This statement includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 2014, 2013and 2012.

Table 1
Net Position

	2014	2013	2012
Assets:			
Current and Other Assets	$ 326,317	$ 330,008	$ 916,093
Non-Current and Capital Assets	6,768,075	6,940,103	7,750,499
Total Assets	7,094,392	7,270,111	8,666,592
Liabilities:			
Current Liablities	2,692,998	302,520	1,113,479
Long-Term Liabilities	172,489	2,769,695	3,379,183
Total Liabilities	2,865,487	3,072,215	4,492,662
Net Position:			
Net Investment in Capital Assets	3,676,318	3,613,102	2,997,642
Unrestricted	552,587	584,794	1,176,288
Total Net Position	$ 4,228,905	$ 4,197,896	$ 4,173,930

Non-current assets decreased in 2014 by $172,028. This is due to depreciation exceeding additional purchases of capital assets. Long-term liabilities decreased by $212,157 due to the payment of debt.

Total assets decreased in 2013 by $1,326,309. This is due to a decrease in intergovernmental receivable from the completion of the grant for the clean up and the sale of the of the West High property. Current liabilities decreased by $810,959, mainly due to the payment of contracts payable. Long-term liabilities decreased by $609,488 this is due to the payment of debt. Total net position increased in 2013 by $94,138.

Table 2 shows the changes in net position for the years ended December 31, 2014, 2013 and 2012. Total net position increased by $31,009 in 2014.

Table 2
Changes in Net Position

	2014	2013	2012
Operating Revenues			
Charges for Services	$ 380,708	$ 498,365	508,412
Rentals	630,210	604,755	560,204
Permit Fees	495,526	421,774	588,676
Other	358	5,073	16,566
Total Operating Revenues	1,506,802	1,529,967	1,673,858
Operating Expenses			
Salaries and Benefits	616,645	583,401	538,682
Contractual Services	228,931	284,154	528,893
Materials and Supplies	29,088	20,848	18,147
Insurance and Bonding	54,704	65,082	35,790
Travel	24,417	27,314	22,158
Utilities	155,231	149,036	137,024
Depreciation	208,103	194,965	177,332
Other	87,485	69,418	119,048
Total Operating Expenses	1,404,604	1,394,218	1,577,074
Operating Income	102,198	135,749	96,784
Non-Operating Revenues (Expenses)			
Interest	8,184	9,233	10,131
Intergovernmental	0	33,275	725,070
Interest and Fiscal Charges	(81,070)	(88,518)	(108,566)
Other Income	1,697	4,399	18,218
Total Non-Operating Revenues (Expenses)	(71,189)	(41,611)	644,853
Income (Loss) Before Capital Contributions	31,009	94,138	741,637
Capital Contributions	0	0	408,753
Change in Net Position	$ 31,009	$ 94,138	$ 1,150,390

The intergovernmental revenue decreased in 2014 is due to a reduction in grant income. Permit fees increased by $73,752 due to an increase in applications for building plan approvals. Charges for services decreased by $117,657 due to reduction in public warehouse storage.

The intergovernmental revenue decreased from 2012 to 2013 is due to a reduction in grant income. Permit fees also decreased by $166,902 which is due a decrease in applications for building plan approvals. Contractual services decreased due to the completion of cleanup of the West High property.

Capital Assets

At the end of year 2014, the Alliance had $6,447,127 invested in land, buildings and improvements, land improvements, vehicles and office equipment. Table 3 shows 2014 balances compared with 2013 and 2012.

Table 3
Capital Assets at December 31
(Net of Depreciation)

	2014	2013	2012
Land	$ 792,609	$ 792,609	$ 792,609
Buildings and Improvements	5,579,107	5,697,679	5,653,434
Land Improvements	8,183	11,456	14,729
Vehicles	57,054	73,997	5,140
Office Equipment	10,174	14,649	10,031
Construction in Progress	0	0	61,137
Totals	$ 6,447,127	$ 6,590,390	$ 6,537,080

The $143,263 decrease in capital assets in 2014 was attributable to depreciation exceeding additional purchases in the current year. The $53,310 increase from 2012 to 2013 was attributable to purchases exceeding depreciation. Note 3 provides additional information on capital asset activity.

Debt

The outstanding debt for the Alliance as of December 31, 2014 was $2,770,804. This is a decrease of $206,484 from the December 31, 2013 balance of $2,977,288. Table 4 summarizes outstanding debt.

Table 4
Debt at December 31

	2014	2013	2012
Loans Payable	$ 2,770,804	$ 2,977,288	$ 3,609,610

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

Current Issues

Financing Activities

The mortgage loan with JP Morgan Chase will come to the end of its five year term in December 2015. The Alliance board decided to open the bidding for the refinancing late in 2014. The First National Bank of Dennison was awarded the business based upon its response to the request for proposal. The terms of the loan are favorable to the Alliance and to Tuscarawas County, since the loan does not require a guarantee from the County. The new mortgage loan principal balance will be $2,540,000 which means that the Alliance has reduced its primary financing by more than $772,000 in 53 months.

The Alliance continues to provide Conduit Financing for businesses and organizations in the region. A bond issue not to exceed $70,000,000 for Ashland University was approved in April 2015.

Reeves Mill Business Park

Tremcar USA manufactures tank trailers for several different industries in both Canada and the U.S. Annie Tremblay, U.S. General Manager, states that the company has continued to grow its manufacturing capacity due to the developing shale oil and gas industry. The Dover facility opened in late 2011 in 48,400 square feet and five associates has now expanded twice to nearly double its size at 95,127 square feet and 85 associates. The company also employs 65 associates in their Strasburg fabrication and repair facility. Ms. Tremblay states that "the Reeves Mill Business Park is ideal for our operation. It is flexible and accommodating to our growing business." In early 2015, the company finished a realignment of its production lines which dramatically improves the efficiency and flexibility of the Dover operation.

Deflecto USA has locations in both Indianapolis, Indiana and Dover, Ohio. The company designs, manufactures and markets plastic extruded, fabricated, vacuum form, sonic welded and injection molded products such as office organization, air distribution products, truck /auto reflectors and lenses, as well as aluminum duct for dryer venting. Rob Rafter, Dover plant manager reports that the Dover location is the largest manufacturer in the world of extruded chairmats for the office products and furniture industries. In 2005, the company, then known as Rolite Plastics, relocated its 20,000 square foot operation and 36 associates from Midvale, Ohio into 65,000 square feet of the Reeves Mill Business Park. The company continues to grow adding 46,280 square feet on January 1, 2015 for a total of 199,885 square feet. The latest expansion is to accommodate truck mud flap production. Deflecto is expected to add more than 30 associates for a total of about 135 associates at the Dover location.

Other companies and organizations which call the Reeves Mill Business Park home are: McKeever Decorating, Strimbu Trucking, the Business Park Incubator (small business incubator), the City of Dover Law Director, Graphic Publications Inc., the East Central Ohio Building Authority, the Reeves Mill Logistics Warehouse, and the Alliance.

The Alliance continues to support the creation and growth of entrepreneurial businesses through its creation and continued funding of the Business Park Incubator. The Alliance provides about 25,000 square feet of space to the Business Park Incubator for start-up businesses. The Business Park Incubator currently hosts three businesses: ED Payment Systems, HV Coil, and NSD Design.

With the latest business expansions in the Reeves Mill Business Park Building #1, the entire 382,500 square feet of space is fully leased. Therefore, the Alliance is actively planning a 15 acre expansion on the east side of the park to support a resurgence of manufacturing businesses in the valley.

Reeves Mill Logistics Warehouse

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.

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
Tuscarawas County, Ohio
Comparative Statement of Fund Net Position
Proprietary Fund
December 31, 2014 and 2013

	2014		2013	
	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	$ 174,258	$ 2,792	$ 179,797	$ 3,687
Loans Receivable	28,766	0	27,734	0
Accounts Receivable	105,593	3,338	114,531	0
Intergovernmental Receivable	7,876	0	0	0
Prepaid Items	9,824	0	7,946	0
Total Current Assets	326,317	6,130	330,008	3,687
Non-Current Assets:				
Loans Receivable - Net of Current Portion	320,938	0	349,703	0
Deposits	10	0	10	0
Non-Depreciable Capital Assets	792,609	0	792,609	0
Depreciable Capital Assets, Net	5,654,518	0	5,797,781	719
Total Non-Current Assets	6,768,075	0	6,940,103	719
Total Assets	7,094,392	6,130	7,270,111	4,406
Liabilities				
Current Liabilities:				
Accounts Payable	23,956	710	33,017	0
Accrued Wages	8,052	0	4,853	0
Intergovernmental Payable	27,344	0	20,922	0
Unearned Revenue	30,191	0	30,191	0
Accrued Interest Payable	5,140	0	5,944	0
Loans Payable	2,598,315	0	207,593	0
Total Current Liabilities	2,692,998	710	302,520	0
Long-Term Liabilities:				
Loans Payable - Net of Current Portion	172,489	0	2,769,695	0
Total Liabilities	2,865,487	710	3,072,215	0
Net Position				
Net Investment in Capital Assets	3,676,323	$ 0	3,613,102	719
Unrestricted	552,582	5,420	584,794	3,687
Total Net Position	$ 4,228,905	$ 5,420	$ 4,197,896	$ 4,406

See accompanying notes to the basic financial statements.

Economic Development and Finance Alliance
Tuscarawas County, Ohio
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Years Ended December 31, 2014 and 2013

	2014		2013	
	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	$ 380,708	$ 0	$ 498,365	$ 0
Rentals	630,210	3,338	604,755	0
Permit Fees	495,526	0	421,774	0
Contributions	0	46,800	0	46,800
Other	358	0	5,073	25
Total Operating Revenues	1,506,802	50,138	1,529,967	46,825
Operating Expenses				
Salaries and Benefits	616,645	0	583,401	0
Contractual Services	228,931	1,605	284,154	0
Materials and Supplies	29,088	0	20,848	0
Insurance and Bonding	54,704	0	65,082	0
Facility Rent	0	46,800	0	46,800
Travel	24,417	0	27,314	0
Utilities	155,231	0	149,036	0
Depreciation	208,103	657	194,965	3,253
Other	87,485	0	69,418	695
Total Operating Expenses	1,404,604	49,062	1,394,218	50,748
Operating Income	102,198	1,076	135,749	(3,923)
Non-Operating Revenues (Expenses)				
Interest	8,184	0	9,233	0
Loss on Sale of Capital Assets	0	(62)	33,275	0
Interest and Fiscal Charges	(81,070)	0	(88,518)	0
Other Income	1,697	0	4,399	0
Total Non-Operating Revenues (Expenses)	(71,189)	(62)	(41,611)	0
Change in Net Position	31,009	1,014	94,138	(3,923)
Net Position Beginning of Year - (Restated See Note 1N)	4,197,896	4,406	4,103,758	8,329
Net Position End of Year	$ 4,228,905	$ 5,420	$ 4,197,896	$ 4,406

See accompanying notes to the basic financial statements.

Economic Development and Finance Alliance
Tuscarawas County, Ohio
Comparative Statement of Cash Flows - Proprietary Fund
For the Years Ended December 31, 2014 and 2013

	2014		2013	
	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	$ 1,515,382	$ 0	$ 1,527,400	$ 0
Other Operating Receipts	358	0	5,073	25
Cash Payments to Suppliers for Goods and Services	(29,124)	0	(20,591)	0
Cash Payments for Employees Services and Benefits	(616,778)	0	(593,814)	0
Cash Payments for Contractual Services	(473,078)	(895)	(1,291,170)	0
Other Cash Payments	(86,715)	0	(69,243)	(695)
Net Cash Provided by (Used for) Operating Activities	310,045	(895)	(442,345)	(670)
Cash Flows from Noncapital Financing Activities:				
Loans made to Another Entity	0	0	(4,200)	0
Payment made on Loans Receivable	27,733	0	26,739	0
Other Income	1,697	0	4,399	0
Intergovernmental	0	0	738,401	0
Net Cash Provided by Noncapital Financing Activities	29,430	0	765,339	0
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(64,840)	0	(248,275)	0
Principal Payments on Loans	(206,484)	0	(632,322)	0
Interest Paid on All Debt	(81,874)	0	(89,024)	0
Net Cash (Used for) Capital and Related Financing Activities	(353,198)	0	(969,621)	0
Cash Flows from Investing Activities:				
Receipts of Interest	8,184	0	9,233	0
Proceeds from Sale of Asset Held for Resale	0	0	750,000	0
Net Cash Provided by Noncapital Financing Activities	8,184	0	759,233	0
Net Increase (Decrease) in Cash and Cash Equivalents	(5,539)	(895)	112,606	(670)
Cash and Cash Equivalents Beginning of Year	179,797	3,687	67,191	4,357
Cash and Cash Equivalents End of Year	$ 174,258	$ 2,792	$ 179,797	$ 3,687
Reconciliation of Operating Income To Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ 102,198	$ 1,076	$ 135,749	$ (3,923)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	208,103	657	194,965	3,253
Loss on Disposal of Property and Equipment		0		
(Increase) Decrease in Assets:				
Intergovernmental Receivable	(7,876)	0	0	0
Accounts Receivable	8,938	(3,338)	2,506	0
Prepaids	(1,878)	0	(7,946)	0
Increase (Decrease) in Liabilities:				
Commissions Payable				
Accounts Payable	(9,061)	710	(34,609)	0
Contracts Payable	0	0	(730,543)	0
Commissions Payable				
Accrued Wages	3,199	0	1,397	0
Intergovernmental Payable	6,422	0	(3,864)	0
Net Cash Provided by (Used for) Operating Activities	$ 310,045	$ (895)	$ (442,345)	$ (670)

Noncash Capital Financing Activities:

See accompanying notes to 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) 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 data 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.

C. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources 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 position. 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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014 and 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year in which the services are consumed.

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. Unearned Revenue

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

I. 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 amounts appropriated for each office, department and division, and within each, the amount appropriated for personal services. 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.

J. 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
Land Improvements	5 Years
Vehicles	5 Years
Office Equipment	7 Years

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 2014 and 2013.

L. 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.

M. 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.

N. Implementation of New Accounting Policies

For the year ended December 31, 2013, the Alliance has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of GASB Statement No. 65 resulted in debt issuance costs being expensed rather than being deferred. This had the following effect on net position as previously reported:

Previously Reported Net Position	$ 4,173,930
Unamortized Debt Issuance Costs	(70,172)
Restated Net position, January 1, 2013	$ 4,103,758

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Alliance.

For the year ended December 31, 2014, the Alliance has implemented Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 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 and STAR Plus).

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 2014 and 2013, 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, 2014 and 2013, the carrying amount of the Alliance's deposits was $174,258 and $179,797, which includes petty cash in the amount of $928 and $427, respectively. The bank balance was $200,972 and $21,359, respectively, which was covered by Federal Depository Insurance.

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NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Capital Assets Not Being Depreciated:				
Land	$ 792,609	$ 0	$ 0	$ 792,609
Construction in Progress	61,137	0	(61,137)	0
Total Capital Assets, Not Being Depreciated	853,746	0	(61,137)	792,609
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,812,383	223,349	0	7,035,732
Land Improvements	16,365	0	0	16,365
Vehicles	40,344	78,000	0	118,344
Office Equipment	33,673	8,063	0	41,736
Total Capital Assets, Being Depreciated	6,902,765	309,412	0	7,212,177
Less Accumulated Depreciation:				
Buildings and Improvements	(1,158,949)	(179,104)	0	(1,338,053)
Land Improvements	(1,636)	(3,273)	0	(4,909)
Vehicles	(35,204)	(9,143)	0	(44,347)
Office Equipment	(23,642)	(3,445)	0	(27,087)
Total Accumulated Depreciation	(1,219,431)	(194,965)	0	(1,414,396)
Total Capital Assets Being Depreciated, Net	5,683,334	114,447	0	5,797,781
Total Governmental Activity Capital Assets, Net	$ 6,537,080	$ 114,447	$ (61,137)	$ 6,590,390

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Capital Assets Not Being Depreciated:				
Land	$ 792,609	$ 0	$ 0	$ 792,609
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,035,732	64,840	0	7,100,572
Land Improvements	16,365	0	0	16,365
Vehicles	118,344	0	0	118,344
Office Equipment	41,736	0	0	41,736
Total Capital Assets, Being Depreciated	7,212,177	64,840	0	7,277,017
Less Accumulated Depreciation:				
Buildings and Improvements	(1,338,053)	(183,412)	0	(1,521,465)
Land Improvements	(4,909)	(3,273)	0	(8,182)
Vehicles	(44,347)	(16,943)	0	(61,290)
Office Equipment	(27,087)	(4,475)	0	(31,562)
Total Accumulated Depreciation	(1,414,396)	(208,103)	0	(1,622,499)
Total Capital Assets Being Depreciated, Net	5,797,781	(143,263)	0	5,654,518
Total Business-Type Activities Capital Assets, Net	$ 6,590,390	$ (143,263)	$ 0	$ 6,447,127

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 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 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by 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, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, 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, 2014, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed for 2013 and 2014 were 12.0 and 12.6 and 12.0 percent and 13.0 percent, respectively.

The Alliance's 2014 contribution rate was 14.0 percent of covered payroll. 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 2.0 percent during calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0 percent during calendar year 2014.

The Alliance's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012, were $53,415, $53,338 and $38,554, respectively. For 2014, 98.4 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. No contributions made to the Member-Directed Plan for 2014.

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. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the 2013 stand-alone financial report referred to below.

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, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by 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 coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, 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 and Combined Plan was 2.0 percent during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by OPERS' actuary. 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 provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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 to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were $8,903, $4,103 and $15,422, respectively. For 2014, 98.4 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

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 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, 2014 and 2013 there was no amount outstanding.

NOTE 7: RECEIVABLES

Receivables at December 31, 2014 and 2013 consisted of accounts (billings for user charged rents), intergovernmental and loans receivable. All receivables are deemed collectible in full.

In 2011 the Alliance entered into a loan agreement with Advantech for the purchase of the Midvale property for $300,000. Advantech is to make monthly payments to the Alliance of $2,989 at 3.66 percent. Final payment will be due June 1, 2021.

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 begin 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 $13,697 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 year ended December 31, 2013 was as follows:

	Outstanding 1/1/2013	Additions	Reductions	Outstanding 12/30/2013	Amount to be Received In One Year
Advantach - 3.66%	$ 261,726	$ 0	$ (26,739)	$ 234,987	$ 27,734
Tremcar USA, Inc. - 3%	128,753	0	0	128,753	0
Tremcar USA, Inc.- 0%	9,497	4,200	0	13,697	0
Total	$ 399,976	$ 4,200	$ (26,739)	$ 377,437	$ 27,734

Loans receivable activity for the year ended December 31, 2014 was as follows:

	Outstanding 1/1/2014	Additions	Reductions	Outstanding 12/30/2014	Amount to be Received In One Year
Advantach - 3.66%	$ 234,987	$ 0	$ (27,733)	$ 207,254	$ 28,766
Tremcar USA, Inc. - 3%	128,753	0	0	128,753	0
Tremcar USA, Inc.- 0%	13,697	0	0	13,697	0
Total	$ 377,437	$ 0	$ (27,733)	$ 349,704	$ 28,766

The annual requirements to retire the receivable are as follows:

	Loans Receivable	
Year	Principal	Interest
2015	$ 28,766	$ 7,103
2016	29,837	6,032
2017	42,160	8,628
2018	43,653	7,136
2019	45,199	5,589
2020-2024	131,173	10,953
2025-2026	28,916	910
Totals	$ 349,704	$ 46,351

NOTE 8: LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Alliance during the year ended December 31, 2013 consisted of the following:

	Outstanding 1/1/2013	Additions	Reductions	Outstanding 12/31/2013	Amounts Due In One Year
General long-term obligations:					
Loans Payable - TCC-0.0%	$ 640,596	$ 0	$ (444,768)	$ 195,828	$ 11,669
Loans Payable - JP Morgan Chase - 3.15%	2,969,014	0	(187,554)	2,781,460	195,924
	$ 3,609,610	$ 0	$ (632,322)	$ 2,977,288	$ 207,593

Changes in long-term obligations of the Alliance during the year ended December 31, 2014 consisted of the following:

	Outstanding 1/1/2014	Additions	Reductions	Outstanding 12/31/2014	Amounts Due In One Year
General long-term obligations:					
Loans Payable - TCC-0.0%	$ 195,828	$ 0	$ (11,669)	$ 184,159	$ 11,670
Loans Payable - JP Morgan Chase - 3.10%	2,781,460	0	(194,815)	2,586,645	2,586,645
	$ 2,977,288	$ 0	$ (206,484)	$ 2,770,804	$ 2,598,315

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 2015.

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. In March 2013 the Alliance repaid the Tuscarawas County Commissioners a balloon payment of $428,099. This reduced the Alliance’s monthly payments to $972. On June 30, 2016 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.

The annual requirements to retire debt are as follows:

	Loans Payable	
Year	Principal	Interest
2015	$ 2,598,315	$ 81,075
2016	172,489	0
Totals	$ 2,770,804	$ 81,075

Promissory Note

On December 15, 2011, the Alliance 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 Alliance 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 Alliance due to the fact that Tremcar, Inc./Tremcar USA, Inc. has made all the debt payment requirements in 2014 and 2013. This debt was signed and agreed to by the Alliance 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, 2014 and 2013, the Alliance had no outstanding lease payments; therefore, no accounts receivable, attributed to this lease, are reported within the basic financial statements.

2013

Leased Asset	Asset Cost	Accumulated Depreciation	Carrying Value
TCPA Business Park	$ 3,534,245	$ 680,535	$ 2,853,710

2014

Leased Asset	Asset Cost	Accumulated Depreciation	Carrying Value
TCPA Business Park	$ 3,559,403	$ 775,274	$ 2,784,129

The following is a schedule of future long-term lease payments required under the operating leases as of December 31, 2014:

		Operating Lease
Year Ending December 31,	2015	$ 158,066
	2016	138,960
	2017	137,223
	2018	137,223
	2019	137,223
	2020-2024	686,116
	2025-2026	253,271
Total Lease Payments		$1,648,082

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 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, 2014 and 2013, the principal amount outstanding was $260,158 and $244,841, respectively.

NOTE 12: 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 deferred outflows of resources and all liabilities and deferred inflows of resources 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. All money is maintained in this pool. The Business Park interest in the pool is presented as "equity in pooled cash and cash equivalents." 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 primarily contributions. 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, 2013 follows:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
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	(25,234)	(2,877)	0	(28,111)
Furniture and equipment	(9,818)	(376)	0	(10,194)
Total accumulated depreciation	(35,052)	(3,253)	0	(38,305)
Total capital assets being depreciated, net	$ 3,972	$ (3,253)	$ 0	$ 719

A summary of the Business Park's capital assets at December 31, 2014 follows:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Depreciated Captial Assets:				
Improvements Other than Buildings	$ 28,768	$ 0	$ 0	$ 28,768
Furniture and Equipment	10,256	0	(10,256)	0
Total Cost	39,024	0	(10,256)	28,768
Less: Accumulated Depreciation:				
Improvements Other than Buildings	(28,111)	(657)	0	(28,768)
Furniture and Equipment	(10,194)	0	10,194	0
Total Accumulated Depreciation	(38,305)	(657)	10,194	(28,768)
Total Capital Assets Being Depreciated, Net	$ 719	$ (657)	$ (62)	$ 0

F. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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.

NOTE 13: SUBSEQUENT EVENT

On May 22, 2015 the Alliance refinanced the loan with JP Morgan Chase in the amount of $2,507,368 with the First National Bank of Dennison.

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INDEPENDENT AUDITOR'S 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, 2014 and 2013, 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 29, 2015, wherein we noted the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Canter & Assoc

Canter & Associates
Poland, Ohio

June 29, 2015

Dave Yost • Auditor of State

ECONOMIC DEVELOPMENT AND FINANCE ALLIANCE OF TUSCARAWAS COUNTY

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
OCTOBER 6, 2015

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