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

REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2015-2016

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, 2015 through December 31, 2016. 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

October 27, 2017

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INDEPENDENT AUDITOR'S REPORT

Economic Development and Finance Alliance
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 for the year ended December 31, 2015, as of and for the years ended December 31, 2015 and 2016, 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, 2015 and 2016, 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, 2015, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No.68, *Accounting and Financial Reporting for Pension-an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date.* 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 and Schedules of Net Pension Liabilities and Pension Contributions, 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 August 31, 2017, 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

August 31, 2017

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The management's discussion and analysis (MD&A) 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, 2016 and 2015. 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 2016 are as follows:

- Total operating revenues were $1,724,065 and $1,674,475 for 2016 and 2015 respectively, a 3 percent increase from 2015 to 2016.
- Total operating expenses were $1,709,794 and $1,503,429 for 2016 and 2015 respectively, a 14 percent increase from 2015 to 2016.
- Net position decreased $481,886 in 2016 and increased $88,406 in 2015.
- Outstanding debt decreased from $2,464,639 in 2015 to $2,296,788 in 2016 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 statements of fund net position, statements of revenues, expenses and changes in fund net position and statements 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 2016 and 2015?" 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, deferred outflows, liabilities, deferred inflows, 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 2016, 2015 and 2014.

Table 1
Net Position

	2016	2015	Restated 2014
Assets			
Current Assets	$ 273,337	$ 305,644	$ 326,317
Net Pension Asset	0	12,218	3,330
Non-Current and Capital Assets	6,103,881	6,651,210	6,768,075
Total Assets	6,377,218	6,969,072	7,097,722
Deferred Outflow of Resources			
Pension	182,471	74,791	57,819
Liabilities			
Current Liabilities	379,203	334,991	2,692,998
Long-Term Liabilities:			
Net Pension Liability	459,360	359,904	351,775
Loans Payable - net of current portion	2,141,032	2,312,232	172,489
Total Liabilities	2,979,595	3,007,127	3,217,262
Deferred Inflows of Resources			
Pension	35,295	10,051	0
Net Position:			
Net Investment in Capital Assets	3,623,649	4,044,121	3,676,323
Unrestricted	(78,850)	(17,436)	261,956
Total Net Position	$ 3,544,799	$ 4,026,685	$ 3,938,279

During 2015, the Alliance adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Alliance's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension asset*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension asset/liability equals the Alliance's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Alliance is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Alliance's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension asset/liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 68, the Alliance is reporting a net pension asset/liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from $4,228,905 to $3,938,279.

At year end, capital assets represented 94 and 93 percent of total assets at December 31, 2016 and 2015, respectively. Capital assets include land, buildings and improvements, land improvements, office equipment and vehicles. Capital assets, net of related debt were $3,623,649 and $4,044,121 at the end of 2016 and 2015, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the Alliance's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

In 2015 current liabilities decreased by $2,358,007 due to the JP Morgan Chase loan being paid off as of December 31, 2015. The JP Morgan Chase loan was refinanced thru the First National Bank of Dennison. The new loan is long term which caused an increase of $2,139,743 in long term liabilities from 2014 to 2015.

Table 2 shows the changes in net position for the years ended December 31, 2016, 2015 and 2014. Total net position decreased by $481,886 in 2016.

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Table 2
Changes in Net Position

	2016	2015	2014
Operating Revenues			
Charges for Services	$ 499,654	$ 436,069	$ 380,708
Rentals	634,961	659,509	630,210
Permit Fees	580,548	578,709	495,526
Other	8,902	188	358
Total Operating Revenues	1,724,065	1,674,475	1,506,802
Operating Expenses			
Salaries and Benefits	781,443	651,912	616,645
Contractual Services	351,610	265,437	228,931
Materials and Supplies	26,424	30,430	29,088
Insurance and Bonding	56,452	41,675	54,704
Travel	21,661	24,936	24,417
Utilities	136,101	148,516	155,231
Depreciation	222,936	219,578	208,103
Other	113,167	120,945	87,485
Total Operating Expenses	1,709,794	1,503,429	1,404,604
Operating Income	14,271	171,046	102,198
Non-Operating Revenues (Expenses)			
Interest	18	6,577	8,184
Loss on Sale of Capital Assets	(431,070)	(8,753)	0
Interest and Fiscal Charges	(66,482)	(115,244)	(81,070)
Other Income	1,377	34,780	1,697
Total Non-Operating Revenues (Expenses)	(496,157)	(82,640)	(71,189)
Change in Net Position	(481,886)	88,406	31,009
Net Position Beginning of Year	4,026,685	3,938,279	N/A
Net Position End of Year	$ 3,544,799	$ 4,026,685	$ 3,938,279

Charges for services increased by $63,585 from 2015 to 2016 due to additional public warehouse storage. Permit fees increased by $83,183 from 2014 to 2015 due to increases in applications for building plan approvals.

Operating expenses increased in 2016 by $206,365 due to higher insurance costs, increases in salaries and contractual services.

Non-operating revenues and expenses increased by $413,517. This increase is mainly due the sale of the South Gate office building for a large loss.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of $57,819 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $47,162. Consequently, in order to compare 2015 total operating expenses to 2014, the following adjustments are needed:

	Business-Type Activities
Total 2015 operating expenses under GASB 68	$ 1,503,429
Pension expense under GASB 68	(47,162)
2015 contractually required contribution	54,842
Adjusted 2015 operating expenses	1,511,109
Total 2014 operating expenses under GASB 27	1,404,604
Increase in operating expenses not related pension	$ 106,505

Capital Assets

At the end of year 2016, the Alliance had $5,977,937 invested in land, buildings and improvements, land improvements, vehicles and office equipment. Table 3 shows 2016 balances compared with 2015 and 2014.

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

	2016	2015	2014
Land	$ 792,609	$ 792,609	$ 792,609
Buildings and Improvements	5,123,963	5,624,070	5,579,107
Land Improvements	1,637	4,910	8,183
Vehicles	55,120	80,611	57,054
Office Equipment	4,608	6,560	10,174
Totals	$ 5,977,937	$ 6,508,760	$ 6,447,127

The $530,823 decrease in capital assets in 2016 was attributable to depreciation exceeding additional purchases in the current year. The $61,633 increase in capital assets in 2015 was attributable to additional purchases exceeding depreciation in the current year.

Debt

The outstanding debt for the Alliance as of December 31, 2016 was $2,296,788. This is a decrease of $167,851 from the December 31, 2015 balance of $2,464,639. Table 4 summarizes outstanding debt.

Table 4
Debt at December 31

	2016	2015	2014
Loans Payable	$ 2,296,788	$ 2,464,639	$ 2,770,804

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

Current Issues

Reeves Mill Business Park

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. But the Company isn't done growing to accommodate their business, having expanded five more times to a total of about 215,000 square feet or nearly 5 acres of space. Deflecto now employs 136 associates at the Dover location.

Extreme Trailers is now in their second year at the Reeves Mill Business Park after taking over the space previously occupied by Tremcar USA. Extreme manufactures flatbed trailers that are the lightest available in the market. This advantage has been important to the company's growth.

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

And the Park continues to grow. The EDFA 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. The demand for Public Warehousing continues to grow in the Tuscarawas County region. To that end the EDFA has expanded its public warehousing by leasing space in a building on Bowers Avenue in New Philadelphia.

Culinary, Cultural Arts, and All Weather Farm Market

The EDFA applied for and was granted a $500,000 State Capital Budget appropriation to build a Culinary, Cultural Arts, and All Weather Farm Market. The contract has not yet been negotiated with the Ohio Facilities Commission, but the design and stakeholder planning process is continuing. As of this writing the scope of the project has been refocused to the Cultural Arts. Currently the EDFA and the Tuscarawas County Center for the Arts (TCCA) is working to partner on the expansion of the TCCA building in New Philadelphia. The interior renovations and outdoor exhibit space will dramatically enhance the TCCA's ability to meet their Mission and Purpose which is:

The Tuscarawas County Center for the Arts was organized in 2002 for the purpose of providing educational and cultural opportunities that would encourage participation in and appreciation of the arts for the benefit and enrichment of residents in *Tuscarawas* and surrounding counties. It has served as a focal point to promote, offer, and operate local arts and cultural programs for people of all ages.

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, 2016 and 2015

	2016		2015	
	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	$ 54,805	$ 28,304	$ 136,813	$ 18,153
Loans Receivable	53,456	0	0	0
Accounts Receivable	164,741	2,475	160,005	1,363
Prepaid Items	335	0	8,826	0
Total Current Assets	273,337	30,779	305,644	19,516
Non-Current Assets:				
Loans Receivable - Net of Current Portion	125,944	0	142,450	0
Net Pension Asset (See Note 4)	0	0	12,218	0
Non-Depreciable Capital Assets	792,609	0	792,609	0
Depreciable Capital Assets, Net	5,185,328	0	5,716,151	0
Total Non-Current Assets	6,103,881	0	6,663,428	0
Total Assets	6,377,218	30,779	6,969,072	19,516
Deferred Outflow of Resources				
Pension	182,471	0	74,791	0
Liabilities				
Current Liabilities:				
Accounts Payable	109,006	710	68,131	735
Accrued Wages	10,329	0	10,251	0
Intergovernmental Payable	16,290	0	33,751	0
Unearned Revenue	25,060	0	65,015	0
Accrued Interest Payable	5,262	0	5,436	0
Loans Payable	155,756	0	152,407	0
Notes Payable	57,500	0	0	0
Total Current Liabilities	379,203	710	334,991	735
Long-Term Liabilities:				
Loans Payable - Net of Current Portion	2,141,032	0	2,312,232	0
Net Pension Liability (See Note 4)	459,360	0	359,904	0
Total Long-Term Liabilities	2,600,392	0	2,672,136	0
Total Liabilities	2,979,595	710	3,007,127	735
Deferred Inflows of Resources				
Pension	35,295	0	10,051	0
Net Position				
Net Investment in Capital Assets	3,623,649	$ 0	4,044,121	0
Unrestricted	(78,850)	30,069	(17,436)	18,781
Total Net Position	$ 3,544,799	$ 30,069	$ 4,026,685	$ 18,781

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, 2016 and 2015

	2016		2015	
	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	$ 499,654	$ 0	$ 436,069	$ 0
Rentals	634,961	15,600	659,509	14,100
Permit Fees	580,548	0	578,709	0
Contributions	0	46,800	0	46,800
Other	8,902	0	188	0
Total Operating Revenues	1,724,065	62,400	1,674,475	60,900
Operating Expenses				
Salaries and Benefits	781,443	0	651,912	0
Contractual Services	351,610	4,312	265,437	720
Materials and Supplies	26,424	0	30,430	19
Insurance and Bonding	56,452	0	41,675	0
Facility Rent	0	46,800	0	46,800
Travel	21,661	0	24,936	0
Utilities	136,101	0	148,516	0
Depreciation	222,936	0	219,578	0
Other	113,167	0	120,945	0
Total Operating Expenses	1,709,794	51,112	1,503,429	47,539
Operating Income	14,271	11,288	171,046	13,361
Non-Operating Revenues (Expenses)				
Interest	18	0	6,577	0
Loss on Sale of Capital Assets	(431,070)	0	(8,753)	0
Interest and Fiscal Charges	(66,482)	0	(115,244)	0
Other Income	1,377	0	34,780	0
Total Non-Operating Revenues (Expenses)	(496,157)	0	(82,640)	0
Change in Net Position	(481,886)	11,288	88,406	13,361
Net Position Beginning of Year - (Restated See Note 1N)	4,026,685	18,781	3,938,279	5,420
Net Position End of Year	$ 3,544,799	$ 30,069	$ 4,026,685	$ 18,781

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, 2016 and 2015

	2016		2015	
	Primary Government	Component Unit	Primary Government	Component Unit
	Business-Type Activities	Business Park Incubator	Business-Type Activities	Business Park Incubator
Cash flows from Operating Activities:				
Cash Received from Customers	$ 1,679,374	$ 61,288	$ 1,654,699	$ 16,074
Other Operating Receipts	0	0	188	0
Cash Payments to Suppliers for Goods and Services	(24,836)	0	(30,312)	0
Cash Payments for Employees Services and Benefits	(761,097)	0	(642,102)	0
Cash Payments for Contractual Services	(545,573)	(51,137)	(435,713)	(713)
Other Cash Payments	(94,131)	0	(121,739)	0
Net Cash Provided by (Used for) Operating Activities	253,737	10,151	425,021	15,361
Cash Flows from Noncapital Financing Activities:				
Loans made to Another Entity	(179,400)	0	0	0
Payment made on Loans Receivable	142,450	0	207,254	0
Other Income	1,377	0	34,780	0
Net Cash Provided by Noncapital Financing Activities	(35,573)	0	242,034	0
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Loans Payable	0	0	2,540,000	0
Proceeds from Notes Payable	57,500	0	0	0
Proceeds from Sale of Capital Assets	0	0	8,551	0
Acquisition of Capital Assets	(123,183)	0	(298,515)	0
Principal Payments on Loans	(167,851)	0	(2,846,165)	0
Interest Paid on All Debt	(66,656)	0	(114,948)	0
Net Cash (Used for) Capital and Related Financing Activities	(300,190)	0	(711,077)	0
Cash Flows from Investing Activities:				
Receipts of Interest	18	0	6,577	0
Net Increase (Decrease) in Cash and Cash Equivalents	(82,008)	10,151	(37,445)	15,361
Cash and Cash Equivalents Beginning of Year	136,813	18,153	174,258	2,792
Cash and Cash Equivalents End of Year	$ 54,805	$ 28,304	$ 136,813	$ 18,153
Reconciliation of Operating Income To Net Cash Provided by (Used for) Operating Activities:				
Operating Income	$ 14,271	$ 11,288	$ 171,046	$ 13,361
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	222,936	0	219,578	0
(Increase) Decrease in Assets and Deferred Outflows:				
Intergovernmental Receivable	0	0	7,876	0
Net Pension Asset	12,218	0	(8,888)	0
Deferred Outflows - Pension	(107,680)	0	(16,972)	0
Deposits	0	0	10	0
Accounts Receivable	(4,736)	(1,112)	(54,412)	1,975
Prepaids	8,491	0	998	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	40,875	(25)	44,175	25
Deferred Inflows - Pension	25,244	0	10,051	0
Net Pension Liability	99,456	0	8,129	0
Accrued Wages	78	0	2,199	0
Unearned Revenue	(39,955)	0	34,824	0
Intergovernmental Payable	(17,461)	0	6,407	0
Net Cash Provided by (Used for) Operating Activities	$ 253,737	$ 10,151	$ 425,021	$ 15,361

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 Stephen Schillig, 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 statements of net position, statements of revenue, expenses and changes in net position, and statements 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 Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Alliance, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 4.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Alliance, deferred inflows of resources were reported for pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 4)

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, 2016 and 2015, 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	5-39 Years
Land Improvements	5 Years
Vehicles	5 Years
Office Equipment	5-7 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 2016 and 2015.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. 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. Financing Fee Income

Fees associated with economic development loan programs and conduit debt transactions are recognized in operating income as they are received. Such fees will only be paid while the related debt is outstanding, therefore, they are subject to the risk that the debt will be repaid in advance of scheduled maturity.

O. Lease Accounting

The Alliance classifies leases at the inception of each lease in accordance with Governmental Accounting Standards Board (GASB) Statement No. 62, except for leases that are not recognized for accounting purposes under Interpretation No. 2 of the GASB, Disclosure of Conduit Debt Obligations, because they secure the repayment of conduit debt.

P. Implementation of New Accounting Principles and Restatement of Net Position

For the year ended December 31, 2016, the Alliance has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the Alliance's financial statements as the Alliance does not have any GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Alliance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Alliance.

For the year ended December 31, 2015, the Alliance has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.*

GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 resulted in the inclusion of net pension liability and pension expense components on the full-accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported.

	Business-Type Activities
Net Position December 31, 2014	$ 4,228,905
Adjustments:	
Net Pension Asset	3,330
Net Pension Liability	(351,775)
Deferred Outflow - Payments Subsequent to Measurement Date	57,819
Restated Net Position, January 1, 2015	$ 3,938,279

Other than employer contributions subsequent to the measurement date, the Alliance made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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 (STAR Ohio).

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 40 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 2016 and 2015, 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, 2016 and 2015, the carrying amount of the Alliance's deposits was $54,805 and $136,813, respectively, which includes petty cash in the amount of $934 and $928. The bank balance was $69,638 and $183,133, respectively, which was covered by Federal Depository Insurance.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital Assets Not Being Depreciated:				
Land	$ 792,609	$ 0	$ 0	$ 792,609
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,100,572	253,515	(20,451)	7,333,636
Land Improvements	16,365	0	0	16,365
Vehicles	118,344	45,000	(33,629)	129,715
Office Equipment	41,736	0	0	41,736
Total Capital Assets, Being Depreciated	7,277,017	298,515	(54,080)	7,521,452
Less Accumulated Depreciation:				
Buildings and Improvements	(1,521,465)	(191,248)	3,147	(1,709,566)
Land Improvements	(8,182)	(3,273)	0	(11,455)
Vehicles	(61,290)	(21,443)	33,629	(49,104)
Office Equipment	(31,562)	(3,614)	0	(35,176)
Total Accumulated Depreciation	(1,622,499)	(219,578)	36,776	(1,805,301)
Total Capital Assets Being Depreciated, Net	5,654,518	78,937	(17,304)	5,716,151
Total Business-Type Activities Capital Assets, Net	$ 6,447,127	$ 78,937	$ (17,304)	$ 6,508,760

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Capital Assets Not Being Depreciated:				
Land	$ 792,609	$ 0	$ 0	$ 792,609
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,333,636	123,183	(600,000)	6,856,819
Land Improvements	16,365	0	0	16,365
Vehicles	129,715	0	0	129,715
Office Equipment	41,736	0	0	41,736
Total Capital Assets, Being Depreciated	7,521,452	123,183	(600,000)	7,044,635
Less Accumulated Depreciation:				
Buildings and Improvements	(1,709,566)	(192,220)	168,930	(1,732,856)
Land Improvements	(11,455)	(3,273)	0	(14,728)
Vehicles	(49,104)	(25,491)	0	(74,595)
Office Equipment	(35,176)	(1,952)	0	(37,128)
Total Accumulated Depreciation	(1,805,301)	(222,936)	168,930	(1,859,307)
Total Capital Assets Being Depreciated, Net	5,716,151	(99,753)	(431,070)	5,185,328
Total Business-Type Activities Capital Assets, Net	$ 6,508,760	$ (99,753)	$ (431,070)	$ 5,977,937

NOTE 4: DEFINED BENEFIT PENSION PLANS AND POST-EMPLOYMENT BENEFITS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees— of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Alliance's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Alliance's obligation for this liability to annually required payments. The Alliance cannot control benefit terms or the manner in which pensions are financed; however, the Alliance does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Alliance employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Alliance employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2015 and 2016 as follows:

	State and Local
Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
Actual Contribution Rates	
Employer:	
Pension	12.00 %
Post-employment Health Care Benefits	2.00
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Alliance's contractually required contribution was $47,448 and $54,842 for 2016 and 2015, respectively. Of the 2016 amount, $6,004 is reported as intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Alliance's proportion of the net pension liability was based on the Alliance's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2016 OPERS	2015 OPERS
Proportionate Share of the Net Pension Asset	$ 0	$ 12,218
Proportionate Share of the Net Pension Liability	$ 459,360	$ 359,904
Proportion of the Net Pension Liability	0.00265200%	0.00298400%
Pension Expense	$ 76,686	$ 47,162

At December 31, 2016 and 2015, the Alliance reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016 OPERS	2015 OPERS
Deferred Outflows of Resources		
Net Difference between Projected and Actual Earnings on Pension Plan Investments	$ 135,023	$ 19,949
Alliance Contributions Subsequent to the Measurement Date	47,448	54,842
Total Deferred Outflows of Resources	$ 182,471	$ 74,791
Deferred Inflows of Resources		
Differences between Expected and Actual Experience	$ 8,875	$ 10,051
Changes in Proportionate Share	26,420	0
Total Deferred Inflows of Resources	$ 35,295	$ 10,051

$47,448 reported as deferred outflows of resources related to pension resulting from Alliance contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2017	$ 17,340
2018	19,500
2019	32,333
2020	30,555
	$ 99,728

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015 and 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	Traditional Pension Plan
Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 percent to 10.05 percent, including wage inflation at 3.75 percent
COLA or Ad Hoc COLA	3.00 percent, simple
Investment Rate of Return	8.00 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015 and 6.95 for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and 2014 and the long-term expected real rates of return:

Asset Class	2015 Target Allocation	2014 Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	23.00 %	2.31 %
Domestic Equities	20.70	19.90	5.84
Real Estate	10.00	10.00	4.25
Private Equity	10.00	10.00	9.25
International Equities	18.30	19.10	7.40
Other Investments	18.00	18.00	4.59
Total	100.00 %	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was eight percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Alliance's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Alliance's proportionate share of the net pension liability calculated using the current period discount rate assumption of eight percent, as well as what the Alliance's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (seven percent) or one-percentage-point higher (nine percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Alliance's Proportionate Share of the Net Pension Liability:			
Calendar Year 2016	$ 731,872	$ 459,360	$ 229,504
Calendar Year 2015	$ 662,120	$ 359,904	$ 105,365

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the County's net pension liability is expected to be significant.

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 two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored 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 20 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. Please see the Plan Statement in the OPERS CAFR details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible benefit recipients. 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/financial/reports.shtml, 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 the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016 and 2015, State and Local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016 and 2015 as recommended by OPERS' actuary. The Board 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 employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2016 was 4.0 percent and for 2015 was 4.5 percent.

The Alliance's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were $7,908, $9,140 and $8,903, respectively. For 2016, 87 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

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

At December 31, 2016, the Alliance had a revolving loan with First National Bank of Dennison. The Alliance had authorization for $150,000. As of December 31, 2016 and 2015 there was $57,500 and $-0- balance, respectively.

NOTE 7: RECEIVABLES

Receivables at December 31, 2016 and 2015 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 would be due June 1, 2021. This loan was paid off in 2015.

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 was due September 1, 2026. The loan was paid off during 2016.

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. The loan was paid off during 2016.

In 2016 the Alliance entered into a loan agreement with Extreme Trailers, LLC for $179,400. The monies were used to purchase equipment in the AK Steel building. The monthly payments were deferred until January 1, 2017. In 2017 Extreme Trailers, LLC will make up the six payments from 2016 along with regular monthly payments. Monthly installments are to begin January 1, 2017 in the amount of $3,263.60 with an interest rate of 3.5 percent. Final payment will be due May 1, 2021.

Loans receivable activity for the year ended December 31, 2015 was as follows:

	Outstanding 1/1/2015	Additions	Reductions	Outstanding 12/30/2015	Amount to be Received In One Year
Advantach - 3.66%	$ 207,254	$ 0	$ (207,254)	$ 0	$ 0
Tremcar USA, Inc. - 3%	128,753	0	0	128,753	0
Tremcar USA, Inc.- 0%	13,697	0	0	13,697	0
Total	$ 349,704	$ 0	$ (207,254)	$ 142,450	$ 0

Loans receivable activity for the year ended December 31, 2016 was as follows:

	Outstanding 1/1/2016	Additions	Reductions	Outstanding 12/30/2016	Amount to be Received In One Year
Extreme Trailers, LLC - 3.5%	$ 0	$ 179,400	$ 0	$ 179,400	$ 53,456
Tremcar USA, Inc. - 3%	128,753	0	(128,753)	0	0
Tremcar USA, Inc.- 0%	13,697	0	(13,697)	0	0
Total	$ 142,450	$ 179,400	$ (142,450)	$ 179,400	$ 53,456

The annual requirements to retire the receivable are as follows:

	Loans Receivable	
Year	Principal	Interest
2017	$ 53,456	$ 8,552
2018	35,318	3,845
2019	36,574	2,589
2020	37,875	1,288
2021	16,177	142
Totals	$ 179,400	$ 16,416

NOTE 8: LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Alliance during the year ended December 31, 2015 consisted of the following:

	Outstanding 1/1/2015	Additions	Reductions	Outstanding 12/31/2015	Amounts Due In One Year
General long-term obligations:					
Loans Payable - TCC-0.0%	$ 184,159	$ 0	$ (184,159)	$ 0	$ 0
Loans Payable - JP Morgan Chase - 3.10%	2,586,645	0	(2,586,645)	0	0
Loans Payable - First National Bank of Dennison at 4.125%	0	1,016,000	(24,561)	991,439	50,807
Loans Payable - First National Bank of Dennison at 3.00%	0	1,524,000	(50,800)	1,473,200	101,600
Total Loans Payable	2,770,804	2,540,000	(2,846,165)	2,464,639	152,407
Net Pension Liability:					
OPERS	351,775	8,129	0	359,904	0
Total Loans Payable and Net Pension Liability	$ 3,122,579	$ 2,548,129	$ (2,846,165)	$ 2,824,543	$ 152,407

Changes in long-term obligations of the Alliance during the year ended December 31, 2016 consisted of the following:

	Outstanding 1/1/2016	Additions	Reductions	Outstanding 12/31/2016	Amounts Due In One Year
General long-term obligations:					
Loans Payable - First National Bank of Dennison at 4.125%	$ 991,439	$ 0	$ (66,251)	$ 925,188	$ 54,156
Loans Payable - First National Bank of Dennison at 3.00%	1,473,200	0	(101,600)	1,371,600	101,600
Total Loans Payable	2,464,639	0	(167,851)	2,296,788	155,756
Net Pension Liability:					
OPERS	359,904	99,456	0	459,360	0
Total Loans Payable and Net Pension Liability	$ 2,824,543	$ 99,456	$ (167,851)	$ 2,756,148	$ 155,756

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 repaid 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. The Tuscarawas County Commissioners were repaid in full during 2015.

On May 22, 2015 the Alliance entered into two loans with First Federal National Bank of Dennison. The first was for $1,524,000 the other was for $1,016,000. The proceeds were used to repay J. P. Morgan Chase Bank. These loans will bear interest rates of 3.0 percent and 4.125 percent, respectively. Both loans will mature on June 1, 2030. Monthly payments will be made on the $1,524,000 in the amount of $8,467 plus interest. Monthly payments on the $1,016,000 are $7,609, which includes interest.

The annual requirements to retire debt are as follows:

	Loans Payable	
Year	Principal	Interest
2017	$ 155,756	$ 77,449
2018	158,032	72,082
2019	160,405	66,620
2020	162,877	61,057
2021	165,453	55,391
2022-2026	869,859	188,003
2027-2030	624,406	37,644
Totals	$ 2,296,788	$ 558,246

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. The outstanding principal balance on this note was $34,446 as December 31, 2015. The loan was paid in full as of December 31, 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 2016 and 2015. 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, 2016 and 2015, the Alliance had no outstanding lease payments; therefore, no accounts receivable, attributed to this lease, are reported within the basic financial statements.

2016

Leased Asset	Asset Cost	Accumulated Depreciation	Carrying Value
TCPA Business Park	$ 3,703,524	$ 964,292	$ 2,739,232

2015

Leased Asset	Asset Cost	Accumulated Depreciation	Carrying Value
TCPA Business Park	$ 3,690,983	$ 865,152	$ 2,825,831

The following is a schedule of future long-term lease payments required under the operating leases as of December 31, 2016:

		Operating Lease
Year Ending December 31,	2017	$ 645,209
	2018	556,295
	2019	577,021
	2020	577,021
	2021	498,160
	2022-2024	978,364
Total Lease Payments		$3,832,070

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 statement of net position. At December 31, 2015 the principal amount outstanding was $230,356. At December 31, 2016 the debt was paid off.

NOTE 12: SUBSEQUENT EVENT

There is ongoing discussion in Tuscarawas County about how the Economic Development is managed. Though no particular plans been presented to the EDFA Board, it is likely that it will occur by the end of 2017.

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 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, 2015 follows:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Depreciated Captial Assets:				
Improvements Other than Buildings	$ 28,768	$ 0	$ 0	$ 28,768
Less: Accumulated Depreciation:				
Improvements Other than Buildings	(28,768)	0	0	(28,768)
Total Capital Assets Being Depreciated, Net	$ 0	$ 0	$ 0	$ 0

A summary of the Business Park's capital assets at December 31, 2016 follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Depreciated Captial Assets:				
Improvements Other than Buildings	$ 28,768	$ 0	$ 0	$ 28,768
Less: Accumulated Depreciation:				
Improvements Other than Buildings	(28,768)	0	0	(28,768)
Total Capital Assets Being Depreciated, Net	$ 0	$ 0	$ 0	$ 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.

Economic Development and Finance Alliance
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the Alliance's Proportionate Share of the Net Pension Liability
Last Three Years (1)

	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)			
Alliance's Proportion of the Net Pension Liability	0.0026520%	0.0029840%	0.0029840%
Alliance's Proportionate Share of the Net Pension Liability	$ 459,360	$ 359,904	$ 351,775
Alliance's Covered-Employee Payroll	$ 345,192	$ 365,825	$ 309,900
Alliance's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	133.07%	98.38%	113.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Economic Development and Finance Alliance
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of Alliance Contributions
Last Ten Years

	2016	2015	2014	2013
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 47,448	$ 41,423	$ 43,899	$ 40,287
Contributions in Relation to the Contractually Required Contribution	(47,448)	(41,423)	(43,899)	(40,287)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Alliance's covered-employee payroll	$ 395,400	$ 345,192	$ 365,825	$ 309,900
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%

(n/a) Information prior to 2013 is not available.

2012	2011	2010	2009	2008	2007
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a

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CERTIFIED PUBLIC ACCOUNTANTS WWW.CANTERCPA.NET

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
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, 2015 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 31, 2017, wherein we noted the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension-an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for the year ended December 31, 2015.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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

August 31, 2017

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
NOVEMBER 9, 2017