428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

Perry & Associates

Certified Public Accountants, A.C.

COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY
Regular Audit
For the Years Ended December 31, 2015 and 2014

www.perrycpas.com

Dave Yost • Auditor of State

Board of Directors
Coshocton Port Authority
106 South Fourth Street
Coshocton, Ohio 43812

We have reviewed the *Independent Auditor's Report* of the Coshocton Port Authority, Coshocton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports 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 Coshocton Port Authority is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

August 8, 2016

This page intentionally left blank.

COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY

TABLE OF CONTENTS

PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT

June 30, 2016

Coshocton Port Authority
Coshocton County
106 South Fourth Street
Coshocton, OH 43812

To the Board of Directors:

Report on the Financial Statements
We have audited the accompanying financial statements of the **Coshocton Port Authority**, Coshocton County, Ohio (the Authority), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton Port Authority, Coshocton County, as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(UNAUDITED)**

The discussion and analysis of the Coshocton Port Authority's (Port Authority) financial performance provides an overall review of the Authority's financial activities for the years ended December 31, 2015 and 2014. The intent of this discussion and analysis is to look at the Port Authority'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 Authority's financial performance.

Using this Financial Report

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

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

The Statement of Net Position answers the question, "How did we do financially during 2015 and 2014?" This statement includes all assets, deferred outflow of resources, liabilities, both financial and capital, and current and long-term, and deferred inflows of resources 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.

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

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

In the statement of net position and the statement of activities, the Port Authority consists of one type of activity:

Business-Type Activities – All activities of the Port Authority are conducted under one fund and consist of activities to market, coordinate, and develop economic growth and activity in Coshocton County.

Table 1 provides a summary of the Port Authority's net position for 2015, 2014 and 2013.

(Table 1)

Net Position

	2015	2014	2013
Assets:			
Current Assets	$ 136,961	$ 290,386	$ 248,484
Restricted Assets	495,219	458,190	427,041
Capital Assets	601,943	604,589	315,900
Other Non-Current Assets	484,992	565,146	597,379
Deferred Pension Outflows and Net Pension Asset	15,071	-	-
Total Assets and Deferred Outflows of Resources:	$ 1,734,186	$ 1,918,311	$ 1,588,804
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	$ 56,233	$ 126,449	$ 98,448
Long-Term Liabilities	536,487	517,592	505,000
Total Liabilities	592,720	644,041	603,448
Deferred Inflows of Resources:			
Deferred Pension Inflows and Net Pension Liability	2,032	-	-
Lease Income Not Yet Earned	800	1,200	11,600
Total Deferred Inflows of Resources	2,832	1,200	11,600
Total Liabilities and Deferred Inflows of Resources:	595,552	645,241	615,048
Net Position:			
Net Investment in Capital Assets	84,351	42,589	(276,322)
Restricted	495,219	458,190	427,041
Unrestricted	559,064	772,291	820,037
Total Net Position:	1,138,634	1,273,070	970,756
Total Liabilities, Deferred Inflows of Resources, and Net Position:	$ 1,734,186	$ 1,918,311	$ 1,585,804

During 2015, the Port Authority adopted GASB Statement 68, *Accounting and Financial Report for Pensions – an Amendment of GASB Statement 27,* which significantly revises accounting for pension costs and liabilities. For reason discussed below, many end users of this financial statement will gain a clearer understanding of the Port Authority'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/liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those system requires additional explanation in order to properly understand the information presented in these statements.

Under GASB 68, the net pension asset/liability equals the Port Authority's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funder 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 Authority, part of a bargained for benefit to the employee, and should accordingly be reported by the Authority as a liability since they received the benefit of the exchange. However, the Port Authority 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*. Stat 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 responsibility 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 Port Authority'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 Port Authority is reporting net pension asset/liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. The implementation had the effect of restate net position at December 31, 2014 from $1,273,070 to $1,221,794.

Total assets and deferred outflows of resources decreased by $176,754 in 2015. The decrease in assets and deferred outflows of resources is the result of no intergovernmental receivables at year end and the decrease in unrestricted cash and cash equivalents due to the payment of current year liabilities. Total assets and deferred outflows of resources increased by $329,507 in 2014. The increase is the result of revenues received in excess of expenses of $302,452.

Total liabilities and deferred inflows of resources decreased $49,689 in 2015 due to the recognition of lease revenues and decrease in current liabilities. Total liabilities and deferred inflows of resources increased in 2014 by $30,193. The increase is due primarily to the net difference between the payment of long term debt of $30,222 and the increase in accounts payable by $68,000.

Table 2 shows the changes in net position for the years ended December 31, 2015, 2014 and 2013.

(Table 2)
Revenues and Expenses

	2015	2014	2013
Operating Revenues:			
Joint Economic Development District Revenues	$ 34,787	$ 31,214	$ 31,394
Intergovernmental Revenues	266,014	389,315	318,860
Fee Revenue	-	-	-
In-Kind Contributions	-	315,050	-
Foundation and Corporate Contribution	14,200	14,000	8,500
Revolving Loan Interest	1,784	1,908	4,067
Land Rent	731	11,500	60,000
Other Revenues	1,184	4,528	615
Total Operating Revenues	318,700	767,515	423,436
Total Operating Expenses:			
Salaries and Benefits	126,191	129,121	118,569
Contractual Services	243,855	306,307	271,552
Grants	-	-	25,000
Insurance and Bonding	5,251	5,534	5,214
Travel and Auto	1,635	1,441	2,164
Materials and Supplies	1,320	1,399	4,139
Rent	3,948	3,948	3,948
Utilities	4,014	3,625	3,375
Other	8,112	17,325	1,340
Depreciation	2,646	1,337	1,932
Total Operating Expenses	396,972	470,037	437,233
Operating Income (Loss)	(78,272)	297,478	(13,797)
Non-Operating Revenues (Expenses):			
Gain on Sale of Land	-	780	-
Interest Income	977	1,444	1,802
Interest and Fiscal Charges	(2,269)	(4,648)	(4,861)
Revolving Loan Write Off	(3,596)	-	-
Theft Loss Recovery	-	7,260	3,340
Total Non-Operating Revenues (Expenses)	(4,888)	4,836	281
Change in Fund Net Position	(83,160)	302,314	(13,516)
Net Position, Beginning of Year (As Restated)	1,221,794	970,756	984,272
Net Position, End of Year	$ 1,138,634	$ 1,273,070	$ 970,756

Total net position decreased by $83,160 in 2015 and increased by $302,314 in 2014. The 2015 decrease occurred because of decreases in In-Kind Contributions. The increase in 2014 is primarily the result of increases in In-Kind Contributions of $315,000.

The information necessary to restate he 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 salaries and benefits expenses still includes pension expense of $11,231 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 $8,959. Consequently, in order to compare 2015 salaries and benefits expense to 2014, the following adjustments are needed:

2015 Salaries and Benefits Expense Under GASB 68	$ 126,191
Pension Expense Under GASB 68	(8,959)
2015 Contractually Required Contributions	11,436
Adjusted 2015 Salaries and Benefits Expenses	128,668
Total 2014 Salaries and Benefits Expenses Under GASB 27	129,121
Decrease in Salaries and Benefits Expense Not Related to Pension	$ (453)

Capital Assets

Table 3 shows the changes in capital assets for the years ended December 31, 2015, 2014, and 2013.

(Table 3)
Capital Assets (Net of Depreciation)

	2015	2014	2013
Land Held for Development	$ 594,807	$ 594,807	$ 308,135
Office Equipment	25,765	25,765	22,411
Leasehold Improvement	1,800	1,800	1,800
Less: Accumulated Depreciation	(20,429)	(17,783)	(16,446)
Totals	$ 601,943	$ 604,589	$ 315,900

At the end of year 2015, the Authority had $601,943 invested in land held for development, office equipment and leasehold equipment. The $2,646 decrease in capital assets during 2015 was the result of depreciation expense. In 2014, there was an increase in capital assets, net of accumulated depreciation in the amount of $288,689. Land valued at $315,050 was contributed, while $32,000 in land was sold. Depreciation expense of $1,337 also reduced net capital assets. Note 4 to the basic financial statements reflect capital asset activity during 2015 and 2014.

Long-Term Debt

Table 4 summarizes outstanding debt for the years ended December 31, 2015, 2014, and 2013.

(Table 4)
Debt

	2015	2014	2013
Loans Payable	$ 517,592	$ 562,000	$ 592,222

The outstanding debt for the Authority as of December 31, 2015, 2014, and 2013 was $517,592, $562,000 and $592,222 respectively. The decrease was the result of making payments of $44,408 on the ODOD loan and making a $30,222 payment on the bank loan balance upon renewing the loan in 2014. Additional information concerning the Authority's debt can be found in Notes 8 and 11 to the basic financial statements.

Current Issues

Revolving and Community Development Loan Fund Activity

During 2015, a loan balance of $3,596 was written off after all collection efforts were exhausted. No loan losses were recognized during 2014 or 2013. The nature of the Revolving and Community Development Loan Funds, involves making higher risk loans in an effort to stimulate economic activity in the community and create jobs. All loans are currently active and up to date. No new Revolving Loan Funds loans were made during 2015 or 2014 or 2013.

Contacting the Coshocton Port Authority's Financial Management

This financial report is intended to provide our citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority'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 Coshocton Port Authority, 106 South Fourth Street, Coshocton, Ohio 43812.

COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 127,323	$ 215,775
Intergovernmental Receivable	-	68,000
Joint Economic Development District Taxes Receivable	9,638	6,611
Total Current Assets	136,961	290,386
Restricted Assets:		
Cash and Cash Equivalents	495,219	458,190
Total Restricted Assets	495,219	458,190
Noncurrent Assets:		
Capital Assets:		
Land	594,807	594,807
Office Equipment	25,765	25,765
Leasehold Improvements	1,800	1,800
Less: Accumulated Depreciation	(20,429)	(17,783)
Total Capital Assets, Net	601,943	604,589
Other Noncurrent Assets:		
Loans Receivable - Revolving Loan Fund	26,470	64,731
Loans Receivable - Community Development	-	415
Note Receivable - City of Coshocton	455,592	500,000
Net Pension Asset	2,930	-
Total Other Noncurrent Assets	484,992	565,146
Total Noncurrent Assets	1,086,935	1,169,735
Total Assets	1,719,115	1,918,311
Deferred Outflows of Resources		
Deferred Pension Outflows	15,071	-
Total Deferred Outflows of Resources	15,071	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,734,186	$ 1,918,311
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ -	$ 68,000
Accrued Payroll	-	4,620
Intergovernmental Payable	9,301	9,342
Accrued Interest	1,059	79
Current Portion of Loans Payable	45,873	44,408
Total Current Liabilities	56,233	126,449
Noncurrent Liabilities:		
Loans Payable	471,719	517,592
Net Pension Liability	64,768	-
Total Noncurrent Liabilities	536,487	517,592
Deferred Inflows of Resources		
Deferred Pension Inflows	2,032	-
Lease Income Not Yet Earned	800	1,200
Total Deferred Inflows of Resources	2,832	1,200
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	595,552	645,241
NET POSITION		
Net Investment in Capital Assets	84,351	42,589
Restricted	495,219	458,190
Unrestricted	559,064	772,291
TOTAL NET POSITION	1,138,634	1,273,070
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,734,186	$ 1,918,311

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

COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
Operating Revenues:		
Joint Economic Development District Tax Revenue	$ 34,787	$ 31,214
Intergovernmental Revenues	266,014	389,315
Fee Revenue	905	3,133
Local Foundation and Corporate Contributions	14,200	14,000
In-Kind Contributions	-	315,050
Revolving Loan Interest	1,784	1,908
Land Rent	731	11,500
Other Revenues	279	1,395
Total Operating Revenues	318,700	767,515
Operating Expenses:		
Salaries and Benefits	126,191	129,121
Contractual Services	243,855	306,307
Insurance and Bonding	5,251	5,534
Travel and Auto	1,635	1,441
Materials and Supplies	1,320	1,399
Rent	3,948	3,948
Utilities	4,014	3,625
Other	8,112	17,325
Depreciation	2,646	1,337
Total Operating Expenses	396,972	470,037
Operating Income/(Loss)	(78,272)	297,478
Non-Operating Revenues (Expenses):		
Interest Income	977	1,444
Interest and Fiscal Charges	(2,269)	(4,648)
Gain on Sale of Land	-	780
Revolving Loan Write Off	(3,596)	-
Theft Loss Recovery	-	7,260
Total Non-Operating Revenues (Expenses)	(4,888)	4,836
Change in Fund Net Position	(83,160)	302,314
Net Position, Beginning of Year	1,273,070	970,756
Restatement for Net Pension Liability (See Note 2)	(51,276)	-
Net Position, Beginning of Year, After Restatement	1,221,794	970,756
Net Position, End of Year	$ 1,138,634	$ 1,273,070

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

COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY

STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities:		
Cash Received from Grants and Contributions	$ 348,214	$ 335,315
Cash Received from Taxes	31,760	36,186
Cash Received from Revolving Loan and Community Development Loan Funds Interest	1,784	1,908
Cash Received from Rent and Other	1,515	628
Cash Payments to Employees for Services and Benefits	(133,329)	(120,747)
Cash Payments for Goods and Services	(311,855)	(238,807)
Cash Payments for Other Operating Expenses	(24,280)	(33,272)
Net Cash Provided/(Used) By Operating Activities	(86,191)	(18,789)
Cash Flows from Noncapital Financing Activities:		
Theft Loss Recovery	-	7,260
Net Cash Provided By Noncapital Financing Activities	-	7,260
Cash Flows from Capital and Related Financing Activities:		
Proceeds from (Payments on) Loans Payable	-	(30,222)
Proceeds from Sale of Land	-	32,780
Purchase of Capital Assets	-	(6,976)
Net Cash (Used) by Capital and Related Financing Activities	-	(4,418)
Cash Flows from Investing Activities:		
Revolving Loan Fund and Community Development Loan Fund Payments Received	35,080	29,233
Interest Income	977	1,444
Interest Paid on Debt	(1,289)	(4,707)
Net Cash Provided by Investing Activities	34,768	25,970
Net Increase (Decrease) in Cash and Cash Equivalents	(51,423)	10,023
Cash and Cash Equivalents at Beginning of Year	**673,965**	**663,942**
Cash and Cash Equivalents at End of Year	**$ 622,542**	**$ 673,965**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$ (78,272)	$ 297,478
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Depreciation Expense	2,646	1,337
In-Kind Contributions	-	(315,050)
(Increase) Decrease in Intergovernmental Receivables	68,000	(68,000)
(Increase) Decrease in JEDD Taxes Receivable	(3,027)	4,972
(Increase) Decrease in Net Pension Asset and Deferred Outflows	(18,001)	-
Increase (Decrease) in Lease Income Not Yet Earned and Customer Deposits	(400)	(15,400)
Increase (Decrease) in Net Pension Liability and Deferred Inflows	15,524	-
Increase (Decrease) in Accounts Payable	(68,000)	67,500
Increase (Decrease) in Accrued Payroll	(4,620)	1,306
Increase (Decrease) in Intergovernmental Payable	(41)	7,068
Net Cash Provided By Operating Activities	**$ (86,191)**	**$ (18,789)**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Coshocton Port Authority (the Port Authority) is presented to assist in understanding the entities financial statements. The financial statements and notes are a representation of the entity's management and board who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles for governmental agencies including those principles prescribed by the Governmental Accounting Standard Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*. The above policies have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The Coshocton Port Authority, Coshocton 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 4582.21 to 4582.59 of the Ohio Revised Code. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the Coshocton County Commissioners and the fifth appointment shall be approved by the four current members. The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide, or promote transportation, economic development, education, governmental operations, culture, or research within Coshocton County.

The Port Authority is not a component unit of the City of Coshocton or Coshocton County but the members of the Port Authority's board are appointed by the City Council and Coshocton County Board of Commissioners and the Port Authority is economically dependent on the City and County for financial support. Neither the City of Coshocton Council nor the Coshocton County Commissioners have any authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. The City of Coshocton and Coshocton County maintain their own accounting functions, are a separate reporting entity, and their financial activity is not included within the financial statements of the Port Authority.

The Port Authority's management believes these financial statements present all activities for which the Port Authority is financial accountable. The Port Authority was formed in January 2003.

B. Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port Authority's financial statements consist of the statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

The Port Authority 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 good or services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

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

D. Fund Accounting

The Port Authority 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 Port Authority. 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. Budgetary Process

Ohio Revised Code Section 4582.12 requires that each fund be budgeted for annually. This budget includes estimated receipts and appropriations.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

F. Capital Assets

Capital assets utilized by the Port Authority are reported on the statement of net position. All capital assets are capitalized at cost (or estimated historical costs) 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 Port Authority has not established a minimum capitalization threshold for capital assets. Improvements are capitalized, the cost 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:

Land	N/A
Leasehold Improvements	10 Years
Office Equipment	5 Years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus 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 enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net Position is reported as unrestricted when there are no limitations imposed on their use. The Port Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The Port Authority had restricted net position of $495,219 and $458,190 for 2015 and 2014, respectively.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are operating grants, Joint Economic Development District tax revenues, revolving loan interest and miscellaneous reimbursement. Operating expenses are necessary costs incurred to provide the goods or series that are the primary activity of the Port Authority.

I. 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.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

K. Deferred Inflows of Resources and Deferred Outflows of Resources

In addition to assets, the statement of financial positon 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 (expenses/expenditures) until then. For the Port Authority, 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 5.

In addition to liabilities, the statements of financial position 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 until that time. For the Port Authority, deferred inflows of resources include lease revenue and pension obligations (See Note 5). These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

NOTE 2 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For the year ended December 31, 2015, the Port Authority has implemented the 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 measurer 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 trust 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 reported December 31, 2014.

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 reported December 31, 2014.

Net Position December 31, 2014	$ 1,273,070
Adjustments:	
Net Pension Asset	798
Net Pension Liability	(63,305)
Subsequent to Measurement Date	11,231
Restated Net Position, January 1, 2015	$ 1,221,794

NOTE 3 - CASH

State statutes classify monies held by the Port Authority into three categories.

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

Inactive deposits are public deposits that the Port Authority's Board 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 monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

State statute permits 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;

NOTE 3 – CASH (CONTINUED)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) of this footnote and repurchase agreements secured by such obligations, provided that investments in securities described in this division re made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the District lends or and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash value for, or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed five percent of the Port Authority's total average portfolio; and

10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Port Authority's average portfolio.

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

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. Investments must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority, and must be purchased with the expectation that it will be held to maturity.

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

NOTE 3 – CASH (CONTINUED)

Deposits with Financial Institutions

At December, 31, 2015 and 2014, the carrying amounts of the Port Authority's balances were $622,542 and $673,965 respectively, and the bank balance was $628,941 and $674,463, respectively. Based on the criteria described in GASB Statement 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015 and 2014 $378,941 and $424,463, respectively, of the Port Authority's bank balances, were exposed to custodial risk as discussed below, while $250,000 was covered by Federal Depository Insurance Corporation each year. All of the Port Authority's deposits were either covered by FDIC or collateralized by individual investments held by the financial institution at December 31, 2015 and 2014.

Deposits: Custodial credit risk is the risk that in the event of bank failure, the Port Authority's deposits may not be returned to it. According to state law, public depositories must give security for all public funds in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Port Authority's policy is to deposit money with financial institutions that are able to abide by the laws covering insurance and collateralization of public funds.

Segregated Accounts

The Port Authority maintains a separate account for holdings of the Revolving Loan Fund. The balance consists of amounts not yet loaned and amounts repaid from borrowers. The account is interest bearing, and interest earned on the account and from loans is transferred periodically to the general operating account, as all earning are available for the operating expenses of the Port Authority. The balances were $495,219 and $458,190 at December 31, 2015 and 2014, respectively and are included in the Deposits disclosure above.

NOTE 4 – CAPITAL ASSETS

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

	Balance 1/1/15	Increases	Decreases	Balance 12/31/15
Capital assets, not being depreciated:				
Land	$ 594,807	$ -	$ -	$ 594,807
Total capital assets, not being depreciated	594,807	-	-	594,807
Capital assets, being depreciated:				
Office Equipment	25,765	-	-	25,765
Leasehold Improvements	1,800	-	-	1,800
Total capital assets, being depreciated	27,565	-	-	27,565
Less accumulated depreciation:				
Office Equipment	(17,783)	(2,646)	-	(20,429)
Total accumulated depreciation	(17,783)	(2,646)	-	(20,429)
Total capital assets being depreciated, net	9,782	(2,646)	-	7,136
Total capital assets, net	$ 604,589	$ (2,646)	$ -	$ 601,943

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

	Balance 1/1/14	Increases	Decreases	Balance 12/31/14
Capital assets, not being depreciated:				
Land	$ 308,135	$ 318,672	$ 32,000	$ 594,807
Total capital assets, not being depreciated	308,135	318,672	32,000	594,807
Capital assets, being depreciated:				
Office Equipment	22,411	3,354	-	25,765
Leasehold Improvements	1,800	-	-	1,800
Total capital assets, being depreciated	24,211	3,354	-	27,565
Less accumulated depreciation:				
Office Equipment	(16,446)	(1,337)	-	(17,783)
Total accumulated depreciation	(16,446)	(1,337)	-	(17,783)
Total capital assets being depreciated, net	7,765	2,017	-	9,782
Total capital assets, net	$ 315,900	$ 320,689	$ 32,000	$ 604,589

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Fiscal Year 2015 Required Disclosure

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 Authority'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.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2015 Required Disclosure (Continued)

Net Pension Liability (Continued)

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority 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* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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):

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2015 Required Disclosure (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2015 Required Disclosure (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14%
Employee	10%
2015 Actual Contribution Rates	
Employer:	
Pension	12%
Post-Employment Health Care Benefits	2
Total Employer	14%
Employee	10%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was $11,436 for 2015.

Net 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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The Authority's proportion of the net pension liability was based on the Authority'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:

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2015 Required Disclosure (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportionate Share of the Net Pension Asset	$ -	$ 2,930	$ 2,930
Proportionate Share of the Net Pension Liability	$ 64,768	$ -	$ 64,768
Proportion of the Net Pension Liability	0.000537%	0.0076090%	
Pension Expense	$ 7,039	$ 1,920	$ 8,959

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

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 3,456	$ 179	$ 3,635
Port Authority contributions subsequent to the measurement date	8,137	3,299	11,436
Total Deferred Outflows of Resources	$ 11,593	$ 3,478	$ 15,071
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 1,138	$ 894	$ 2,032

$11,436 reported as deferred outflows of resources related to pension resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2015 Required Disclosure (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	OPERS Traditional Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2016	$ 339	$ (61)	$ 278
2017	339	(61)	278
2018	776	(61)	715
2019	864	(62)	802
2020	-	(106)	(106)
Thereafter	-	(364)	(364)
Total	$ 2,318	$ (715)	$ 1,603

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, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 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.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2015 Required Disclosure (Continued)

Actuarial Assumptions – OPERS (Continued)

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 6.95 percent 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 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 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.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2015 Required Disclosure (Continued)

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Port Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Port Authority's proportionate share of the net pension liability:			
Traditional Plan	$ 119,155	$ 64,768	$ 18,961
Combined Plan	380	(2,930)	(5,555)

Fiscal Year 2014 Required Disclosure

A. The Ohio Public Employee Retirement System (OPERS) administers three separate pension plans as described below:

   1) The Traditional Pension Plan – a cost-sharing multiple-employer defined benefit pension plan.
   2) The Member –Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
   3) The Combined Plan – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
D. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614)-222-5601 or 1-800-222-7377.
E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the Traditional Pension Plan. The member contribution rates were 10% for 2014, 2013, and 2012 for the Port Authority. The employer contribution rates were 14% for 2014, 2013, and 2012 of covered payroll for the Port Authority.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year 2014 Required Disclosure (Continued)

Port Authority Contributions to OPERS for the years ended December 31, 2014, 2013, and 2012, were $12,891, $12,449, and $12,134 respectively. For fiscal years 2014, 2013, and 2012, 100% of the required contributions had been made.

NOTE 6 – POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan description – The Ohio Public Employee Retirement System (OPERS) administers three separate pension plans: The traditional, 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 befit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 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 Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 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 it provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting hhttps://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 postemployment health care through 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 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' 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.

NOTE 6 – POST EMPLOYMENT BENEFITS (CONTINUED)

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 2015. As recommended by OPERS's actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans.

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 converted dependent 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 2015 was 4.5 percent.

The Port Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015 and 2014, and 2013 were $1,906, $1,729, and $889 respectively. The full amount has been contributed for all years.

NOTE 7 – RISK MANAGEMENT

The Port Authority 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 Port Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Executive Director and Officers
- General liability and casualty; and
- Errors and omissions.

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

The Port Authority contracts with Coshocton County Commissioners for hospital/medical, dental, and life insurance for the Executive Director.

NOTE 8 – LONG TERM OBLIGATIONS PAYABLE

In September 2004, the Board of Directors authorized the Treasurer and Chairman to enter into a $153,435 loan with Ohio Heritage Bank to enable the Port Authority to acquire the former Community Improvement Corporation property. The loan principal matures annually, with interest being paid semi-annually. In December 2015 and 2014, the loan was again renewed for additional one-year periods with principal payments in the amount of $0 and $30,222 being paid on the loan balance respectively. The loan matures January 5, 2017 with an interest rate of 3.66% and has a balance of $62,000 at the end of 2015 and 2014.

In November 2005, the Board of Directors authorized the Executive Director to enter into a $500,000 loan with the Ohio Department of Development to enable the Port Authority to purchase the Ross Property as an Ethanol Plant Site. The original loan agreement between the Port Authority and the Ohio Department of Development was revised on, May 29th, 2013. The revised agreement will require payments of $5,000 per month beginning on January 1, 2015 through September 1, 2024, at which time a balloon payment of $30,987 is payable to the Ohio Department of Development. The loan assesses interest at the rate of 3%. Interest was deferred from May 29, 2013 until January 1, 2015, at which time the deferred interest will be included in the balloon payment due at the end of the loan. In addition to the 3% interest; a .25% service fee is due each month and is included in the monthly payment.

NOTE 8 – LONG TERM OBLIGATIONS PAYABLE (CONTINUED)

Loan payments are expected to be made from the lease payments received from CE Acquisitions LLC. If the lessor of the property fails to make the lease payment then payment of the loan would be made by the Port Authority from proceeds of its note receivable from the City of Coshocton; see Notes 9 and 11 below.

Changes in debt obligations of the Port Authority 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
Ohio Heritage Bank Note	$ 62,000	$ -	$ -	$ 62,000	$ -
ODOD Rural Industrial Park Loan	500,000	-	(44,408)	455,592	45,873
Net Pension Liability	63,305	1,463	-	64,768	-
Total	$ 625,305	$ -	$ (44,408)	$ 582,360	$ 45,873

Changes in debt obligations of the Port Authority during the year ended December 31, 2014 consisted of the following:

	Outstanding 1/1/2014	Additions	Reductions	Outstanding 12/31/2014	Amounts Due In One Year
Ohio Heritage Bank Note	$ 92,222	$ -	$ (30,222)	$ 62,000	$ -
ODOD Rural Industrial Park Loan	500,000	-	-	500,000	44,408
Total	$ 592,222	$ -	$ (30,222)	$ 562,000	$ 44,408

The annual requirements to retire debt are as follows:

	Principal	Interest	Total
2016	$ 45,873	$ 14,127	$ 60,000
2017	109,386	12,614	122,000
2018	48,949	11,051	60,000
2019	50,564	9,436	60,000
2020	52,232	7,768	60,000
2021-2024	210,588	40,398	250,986
Totals	$ 517,592	$ 95,394	$ 612,986

NOTE 9 - RECEIVABLES

Receivables at December 31, 2015 and 2014 consisted of loans and intergovernmental receivables. The major intergovernmental receivable at December 31, 2014 relates to a $68,000 draw down request of an Ohio Department of Development Grant awarded to the Port Authority during the prior audit period. During 2015 and 2014 the major loans receivable related to the Revolving Loan Fund, a note from the City of Coshocton as described in Note 11 below.

NOTE 9 – RECEIVABLES (CONTINUED)

Changes in the Revolving Loan Fund Receivable of the Port Authority during the year ended December 31, 2015 consisted of the following:

	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015
Revolving Loan Fund	$ 64,731	$ -	$(38,261)	$ 26,470

Changes in the Revolving Loan Fund Receivable of the Port Authority during the year ended December 31, 2014 consisted of the following:

	Balance 1/1/2014	Additions	Reductions	Balance 12/31/2014
Revolving Loan Fund	$ 92,907	$ -	$(28,176)	$ 64,731

NOTE 10 – CONCENTRATION OF CREDIT RISK

The Port Authority maintains its activities within the Coshocton County, Ohio geographical area. The performance of its operation activities will be dependent on the performance of its tenants. The results of these companies and the operations of the Port Authority projects may be dependent on the economic conditions of the local trade area.

NOTE 11 – CONTINGENCIS

As discussed in Note 8, the Port Authority is obligated on a note payable to the Ohio Department of Development. The proceeds of this were, in turn, loaned to the City of Coshocton for use in making infrastructure improvements in connection with the development of an ethanol plant. Once the ethanol plant begins operation, the City anticipates making payments on the Port Authority note from lease payments and other utility charges received from the ethanol plant. The ethanol plant began production in October, 2013. The inability of the plant to make certain lease or utility payments to the City of Coshocton could restrict the City's ability to repay the Port Authority, which could affect the Port Authority's ability to repay its obligation to the Ohio Department of Development. Both the Port Authority and the City believe that sufficient guarantees were made to protect their positions on the loan.

Coshocton Port Authority
Coshocton County, Ohio
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
For the Years Ended December 31, 2014 and 2013

	2014	2013
Ohio Public Employees' Retirement System (OPERS) - Traditional Plan		
Port Authority's Proportion of the Net Pension Liability (Asset)	0.0005370%	0.0005370%
Port Authority's Proportionate Share of the Net Pension Liability (Asset)	$ 64,768	$ 63,305
Port Authority's Covered-Employee Payroll	$ 65,783	$ 63,600
Port Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	98.46%	99.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%
Ohio Public Employees' Retirement System (OPERS) - Combined Plan		
Port Authority's Proportion of the Net Pension Liability (Asset)	0.0076090%	0.0076090%
Port Authority's Proportionate Share of the Net Pension Liability (Asset)	$ (2,930)	$ (798)
Port Authority's Covered-Employee Payroll	$ 27,808	$ 25,315
Port Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.105364099	0.031522334
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.83%	104.56%

(1) Information prior to 2013 is not available.

Coshocton Port Authority
Coshocton County, Ohio
Required Supplementary Information
Schedule of Port Authority Contributions
For the Years Ended December 31, 2015, 2014, and 2013

	2015	2014	2013
Ohio Public Employees' Retirement System (OPERS) - Traditional Plan			
Contractually Required Contribution	$ 8,137	$ 7,894	$ 8,268
Contributions in Relation to the Contractually Required Contribution	(8,137)	(7,894)	(8,268)
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Port Authority's covered-employee payroll	$ 67,808	$ 65,783	$ 63,600
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%
Ohio Public Employees' Retirement System (OPERS) - Combined Plan			
Contractually Required Contribution	$ 3,299	$ 3,337	$ 3,291
Contributions in Relation to the Contractually Required Contribution	(3,299)	(3,337)	(3,291)
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Port Authority's covered-employee payroll	$ 27,492	$ 27,808	$ 25,315
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Perry & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 30, 2016

Coshocton Port Authority
Coshocton County
106 South Fourth Street
Coshocton, OH 43812

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 **Coshocton Port Authority**, Coshocton County, (the Authority) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Dave Yost • Auditor of State

COSHOCTON COUNTY PORT AUTHORITY

COSHOCTON 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
AUGUST 18, 2016

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov