

Jackson-Canton Joint Economic Development District

Basic Financial Statements

For the Fiscal Year Ended
December 31, 2018

Jackson-Canton Joint Economic Development District
STARK COUNTY, OHIO
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May 20, 2019

Board of Directors
Jackson-Canton Joint Economic Development District
218 Cleveland Avenue S.W.
Canton, Ohio 44702

Management is responsible for the accompanying basic financial statements of the Jackson-Canton Joint Economic Development District as of and for the year ended December 31, 2018, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Rea & Associates, Inc.

Medina, Ohio

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Jackson-Canton Joint Economic Development District
Stark County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2018

The discussion and analysis of the Jackson-Canton Joint Economic Development District's (the "JEDD") financial performance provides an overall review of the JEDD's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the JEDD's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the JEDD's financial performance.

Financial Highlights

- Revenues and expenses were \$3,501 and \$8,604 for 2018 and 2017, respectively.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the JEDD as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the JEDD's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year ended December 31, 2018 and how they affected the operations of the JEDD as a whole.

Reporting the JEDD as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole JEDD, presenting both an aggregate view of the JEDD's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

A question typically asked about the JEDD's finances is "How did we do financially during the year ended December 31, 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows and liabilities and deferred inflows* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the JEDD's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the JEDD as a whole, the *financial position* of the JEDD has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**Jackson-Canton Joint Economic Development District
Stark County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2018*

Recall that the Statement of Net Position provides the perspective of the JEDD as a whole. Table 1 provides a summary of the JEDD's net position for 2018 compared to 2017:

Table 1 Net Position			
	2018	2017	Change
Assets			
<i>Total Assets</i>	\$ 12,105	\$ 8,604	\$ 3,501
Liabilities			
<i>Total Liabilities</i>	12,105	8,604	3,501
Deferred Inflows of Resources			
<i>Total Deferred Inflows of Resources</i>	0	0	0
Net Position			
<i>Total Net Position</i>	\$ 0	\$ 0	\$ 0

Reporting the JEDD's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The JEDD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All activities of the JEDD are reported in the general fund.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2 Changes in Net Position			
	2018	2017	Change
Expenses			
Economic Development	\$ 3,501	\$ 8,604	\$ (5,103)
<i>Total Program Expenses</i>	3,501	8,604	(5,103)
Revenues			
General Revenues:			
Income Taxes	3,501	8,604	(5,103)
<i>Change in Net Position</i>	0	0	0
<i>Net Position at Beginning of Year</i>	0	0	0
<i>Net Position at End of Year</i>	\$ 0	\$ 0	\$ 0

Jackson-Canton Joint Economic Development District
Stark County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Governmental Activities

The funding for the governmental activities comes from municipal income tax. The JEDD levies a municipal income tax on all salaries and net profits from January 1, 2018 through June 30, 2018 was 2 percent. The municipal income was increased to 2.5 percent as of July 1, 2018.

Governmental Funds

Information about the JEDD's governmental fund begins on page 7. This fund is accounted for using the modified accrual method of accounting. The JEDD had revenues of \$0 and expenditures of \$3,501.

The general fund's net change in fund balance for the year ended December 31, 2018 was a decrease of \$3,501.

Contacting the JEDD's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the JEDD's finances and to show the JEDD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer, City of Canton, 218 Cleveland Ave., Canton, Ohio 44702.

Jackson-Canton Joint Economic Development District
Stark County, Ohio
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Income Taxes Receivable	<u>\$ 12,105</u>
<i>Total Assets</i>	<u>12,105</u>
Liabilities	
Intergovernmental Payable	<u>12,105</u>
<i>Total Liabilities</i>	<u>12,105</u>
Net Position	
Unrestricted	<u>0</u>
<i>Total Net Position</i>	<u><u>\$ 0</u></u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District
Stark County, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	Governmental Activities
Expenses	
Economic Development:	
Income Tax Disbursements, Jackson Township	\$ 1,567
Income Tax Disbursements, City of Canton	1,934
<i>Total Program Expenses</i>	3,501
Revenues	
General Revenues:	
Income Taxes	3,501
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	0
<i>Net Position at End of Year</i>	\$ 0

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District
Stark County, Ohio
Balance Sheet
Governmental Fund
December 31, 2018

	General Fund
Assets	
Income Taxes Receivable	\$ 12,105
<i>Total Assets</i>	\$ 12,105
Liabilities	
Intergovernmental Payable	\$ 12,105
Deferred Inflows of Resources	
Unavailable Revenue - Income Tax	12,105
Fund Balance	
Unassigned	(12,105)
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 12,105

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District
Stark County, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balance (Deficit)	\$ (12,105)
 <i>Amounts reported for governmental activities in the</i> <i>statement of net position are different because:</i>	
Income tax receivables that are not available to pay for current-period expenditures and therefore are deferred in governmental funds.	<u>12,105</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 0</u></u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General Fund
Revenues	\$ 0
Expenditures	
Current:	
Economic Development:	
Income Tax Disbursements, Jackson Township	1,934
Income Tax Disbursements, City of Canton	1,567
<i>Total Expenditures</i>	<i>3,501</i>
<i>Net Change in Fund Balance</i>	<i>(3,501)</i>
<i>Fund Balance Beginning of Year</i>	<i>(8,604)</i>
<i>Fund Balance (Deficit) End of Year</i>	<i>\$ (12,105)</i>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District
Stark County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018*

Net Change in Fund Balance (Deficit) - Total Governmental Funds	\$ (3,501)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Income tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds	<u>3,501</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 0</u></u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Note 1 – Description of the JEDD

The Jackson-Canton Joint Economic Development District (the “JEDD”) was created by an agreement (in effect as of August 22, 2011) entered into by Jackson Township (the “Township”) and the City of Canton (the “City”) for the purpose of facilitating economic development to create and preserve jobs and employment opportunities and improve the economic welfare of the people in the JEDD district, the City, the Township, Stark County, and the State of Ohio. The City Treasurer shall be the appointed “Administrator” of the JEDD and will administer, collect, and enforce the income tax on behalf of the JEDD, which income tax has been levied in the JEDD by the Board pursuant to the contract.

The Board of Directors consists of five members. One member from the City and the Township, one member representing the owners of businesses located within JEDD appointed by the Township Trustees, one member representing the persons working within JEDD appointed by Township Trustees, and the Chair of the Board shall be selected as set forth in the Ohio Revised Code Section 715.78(A)(1)(e). The member from the City shall be the Mayor or an elected member of Council, who is appointed by the Mayor and approved by Council. The Township member shall be from the Board of Township Trustees.

The term of the contract for the existence of the JEDD shall be for fifty years from the date of the agreement. The agreement will be renewed for an additional fifty year term unless either party, by official legislative action, gives written notice to the other party of its intent not to renew on or before ninety days prior to the extension of the initial term.

The management of the JEDD believes that these financial statements present all activities for which the JEDD is financially accountable.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the JEDD have been prepared in conformity with accounting principles generally accepted in the United States (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 JEDD’s accounting policies are described below.

Basis of Presentation

The JEDD’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the JEDD as a whole. These statements include the financial activities of the primary government.

Jackson-Canton Joint Economic Development District

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund Financial Statements

During the year, the JEDD segregates transactions related to certain JEDD functions or activities in a separate fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the JEDD at this more detailed level. All activities of the JEDD are reported in one fund, the general fund.

Fund Accounting

The JEDD uses one 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. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The JEDD has no proprietary or fiduciary funds.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the JEDD are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet.

Jackson-Canton Joint Economic Development District

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Non-exchange transactions, in which the JEDD receives value without directly giving equal value in return, include income taxes. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. On a modified accrual basis, revenue from income taxes must also be available before it can be recognized. For the JEDD, available means expected to be received within 31 days of year-end.

Under the modified accrual basis, income tax revenue is considered to be both measurable and available at year-end.

Deferred Inflows of Resources and Deferred Outflows of Resources

In addition to assets, the statements 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. The JEDD had no deferred outflows of resources at December 31, 2018.

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 JEDD, deferred inflows of resources include unavailable income tax revenue. Unavailable revenue is reported only on the governmental fund balance sheet, and represents receivables which will not be collected within the available period. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Jackson-Canton Joint Economic Development District

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Budgetary Data

The Ohio Revised Code does not require the JEDD to budget annually; therefore, budgetary information for the JEDD is not presented in the basic financial statements.

Cash with Fiscal Agent

All monies received by the JEDD are held by the City which serves as fiscal agent. At year-end, cash with fiscal agent totaled \$0.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund 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 JEDD.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the JEDD classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the JEDD. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Jackson-Canton Joint Economic Development District

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Assigned – Amounts in the assigned fund balance classification are intended to be used by the JEDD for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Directors. The Board of Directors has, by resolution, authorized the Administrator to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The JEDD applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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. At December 31, 2018, there was no net position restricted by enabling legislation.

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

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Note 3 – Accountability and Compliance

The General fund reported a negative fund balance of \$12,105 caused by adjustments for accrued liabilities.

Note 4 – Income Taxes

The City of Canton levied a 2 percent income tax from January 1, 2018 through June 30, 2018, the levy was increased to 2.5 percent as of July 1, 2018, whose proceeds are placed into the general fund. The City of Canton and Jackson Township will share the income tax based on the JEDD agreement.

Jackson-Canton Joint Economic Development District

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Absent a formalized agreement, net income tax revenues will be split 50 percent Township and 50 percent City through June 30, 2018, the percentage from July 1, 2018 will be 40 percent for the Township and 60 percent for the City.

Note 5– Contributions

As part of the contract forming the JEDD, the City provides certain services to the JEDD. The Treasurer of the City is the Administrator of the income tax of JEDD. The Administrator is responsible for the receipt, safekeeping and investment of the income tax revenues collected within the JEDD. The Administrator may utilize the personnel of the City's Division of Taxation and others to assist in carrying out the duties of the administrator. The fair value of the services provided are not determined and not recorded in the financial statements.

Note 6– Contractual Commitments

The JEDD has no contractual commitments at December 31, 2018.

Note 7– Subsequent Events

The JEDD has evaluated subsequent events through the date of the "Accountant's Compilation Report," the date on which the financial statements were available to be issued. There were no events requiring disclosure.