

Jackson-Canton Joint Economic Development District FP

Basic Financial Statements

For the Fiscal Year Ended
December 31, 2019

Jackson-Canton Joint Economic Development District FP
STARK COUNTY, OHIO
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February 16, 2020

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

Management is responsible for the accompanying financial statements arising from the cash transactions of the Jackson-Canton Joint Economic Development District FP as of and for the year ended December 31, 2019, and the related notes to the financial statements in accordance with the cash basis of accounting and for determining that cash basis of accounting is an acceptable financial reporting framework. 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.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis that includes tables of net position and changes in net position is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The information was subject to our compilation engagement. We have not audited or reviewed the supplemental information and 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 FP

Stark County, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2019

The discussion and analysis of the Jackson-Canton Joint Economic Development District's FP (the "JEDD FP") financial performance provides an overall review of the JEDD FP's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the JEDD FP'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 FP's financial performance. This discussion and analysis will provide two year comparison data in future years when available.

Financial Highlights

- The JEDD FP was established by an agreement entered into by the City of Canton, Ohio and Jackson Township, Ohio. Operational activity began during 2018.
- 2019 receipts and disbursements were both \$5,756, with overall net position remaining unchanged.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the JEDD FP as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the JEDD FP'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, 2019 and how they affected the operations of the JEDD FP as a whole.

Basis of Accounting

The JEDD FP has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement presentation in a statement of net position will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis accounting.

Reporting the JEDD FP 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 FP, presenting both an aggregate view of the JEDD FP'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.

Jackson-Canton Joint Economic Development District FP
Stark County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019

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

Table 1 provides a summary of the JEDD FP's net position for 2019 compared to 2018:

Table 1
Net Position - Cash Basis

	2019	Restated 2018	Change
Assets			
Total Assets	\$ 0	\$ 0	\$ 0
Liabilities			
Total Liabilities	0	0	0
Net Position			
Total Net Position	\$ 0	\$ 0	\$ 0

Table 2 shows the changes in net position for fiscal year 2019 compared to fiscal year 2018:

Table 2
Changes in Net Position - Cash Basis

	2019	Restated 2018	Change
Disbursements			
Economic Development			
Income Tax Disbursements, Jackson Township	\$ 912	\$ 2,443	\$ (1,531)
Income Tax Disbursements, City of Canton	1,344	3,291	(1,947)
Professional Services	3,500	0	3,500
<i>Total Program Disbursements</i>	5,756	5,734	22
Receipts			
General Receipts:			
Income Taxes	5,756	5,734	22
<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 FP
Stark County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Reporting the JEDD FP'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 FP, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All activities of the JEDD FP are reported in the general fund.

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 and General Fund

The funding for the governmental activities comes from municipal income tax. The City of Canton, Ohio levies a municipal income tax of 2.5 percent on all salaries and net profits. The City of Canton collects the income tax and remits it to the JEDD FP for distribution in accordance with the JEDD FP agreement the City of Canton and Jackson Township, which established the JEDD FP.

The receipts and disbursements (\$5,756) increased from the prior year receipts and disbursements (\$5,734). The primary cause to this was based on the timing of the collections of income tax on net profits of local businesses paying taxes. Receipts associated with net profit taxes are recognized when received or when income tax returns are remitted by local businesses.

Payment allocation will not always match the percentage split reported in Note 3 due to the timing of settlement payments made to the City of Canton and Jackson Township.

Contacting the JEDD FP'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 FP's finances and to show the JEDD FP'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 FP
Stark County, Ohio
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash with Fiscal Agent	\$ <u>0</u>
<i>Total Assets</i>	<u>0</u>
Net Position	
Unrestricted	<u><u>\$ 0</u></u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District FP

Stark County, Ohio

Statement of Activities - Cash Basis

For the Year Ended December 31, 2019

	<u>Governmental Activities</u>
Disbursements	
Economic Development:	
Income Tax Disbursements, Jackson Township	\$ 912
Income Tax Disbursements, City of Canton	1,344
Professional Services	<u>3,500</u>
<i>Total Program Disbursements</i>	<u>5,756</u>
Receipts	
General Receipts:	
Income Taxes	<u>5,756</u>
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	<u>0</u>
<i>Net Position at End of Year</i>	<u><u>\$ 0</u></u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District FP
Stark County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Fund
December 31, 2019

	<u>General Fund</u>
Assets	
Cash with Fiscal Agent	\$ 0
<i>Total Assets</i>	<u>\$ 0</u>
Fund Balance	
Unassigned	<u>\$ 0</u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District FP
Stark County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	General Fund
Receipts	
Income Taxes	\$ 5,756
<i>Total Receipts</i>	5,756
Disbursements	
Current:	
Economic Development:	
Income Tax Disbursements, Jackson Township	912
Income Tax Disbursements, City of Canton	1,344
Professional Services	3,500
<i>Total Disbursements</i>	5,756
<i>Net Change in Fund Balance</i>	0
<i>Fund Balance Beginning of Year</i>	0
<i>Fund Balance (Deficit) End of Year</i>	\$ 0

See accompanying notes and accountant's compilation report.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 – Description of the JEDD FP

The Jackson-Canton Joint Economic Development District FP (the “JEDD FP”) was created by an agreement (in effect as of February 27, 2017) 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 FP district, the City, the Township, Stark County, and the State of Ohio. The City Treasurer shall be the appointed “Administrator” of the JEDD FP and will administer, collect, and enforce the income tax on behalf of the JEDD FP, which income tax has been levied in the JEDD FP by the Board pursuant to the contract.

The Board of Directors consists of three members. One member from the City and the Township, and the Chair of the Board shall be selected as set forth in the Ohio Revised Code Section 715.72(P)(2). The member from the City shall be the Mayor or a designee 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 FP 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 FP believes that these financial statements present all activities for which the JEDD FP is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the JEDD FP’s accounting policies.

Basis of Presentation

The JEDD FP’s basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the JEDD FP as a whole. These statements include the financial activities of the primary government.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The Statement of Net Position presents the financial condition of the governmental activities of the JEDD FP at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the JEDD FP's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. The only general receipts of the JEDD FP are income tax collections to be distributed. No receipts qualify as program receipts for the current year. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the JEDD FP.

Fund Financial Statements

During the year, the JEDD FP segregates transactions related to certain JEDD FP 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 FP at this more detailed level. All activities of the JEDD FP are reported in one fund, the general fund.

Fund Accounting

The JEDD FP 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. The only category of funds reported for the JEDD FP is governmental.

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.

Basis of Accounting

The JEDD FP's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the JEDD FP's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred.

Budgetary Data

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

Cash with Fiscal Agent

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

Jackson-Canton Joint Economic Development District FP

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the JEDD FP 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 FP. 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.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the JEDD FP 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 FP applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Jackson-Canton Joint Economic Development District FP

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for Federal and State grants restricted to disbursements for specific purposes.

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

Restatement of Net Position and Fund Balance

Net position and fund balance were restated due to converting accrual basis statements to cash basis statements for 2019.

	Governmental Activities
Net Position, December 31, 2018	\$ 0
Adjustments:	
Income Taxes Receivable	(5,734)
Intergovernmental Payable	5,734
Net Position, January 1, 2019	<u>\$ 0</u>

	General Fund
Beginning Fund Balance, December 31, 2018	\$ (5,734)
Adjustments:	
Income Taxes Receivable	(5,734)
Intergovernmental Payable	5,734
Unavailable Revenue - Income Tax	5,734
Beginning Fund Balance, January 1, 2019	<u>\$ 0</u>

Note 3 – Income Taxes

The City of Canton, Ohio 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 in the income tax based on the JEDD FP agreement. 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.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4– Contributions

As part of the contract forming the JEDD FP, the City provides certain services to the JEDD FP. The Treasurer of the City is the Administrator of the income tax of JEDD FP. The Administrator is responsible for the receipt, safekeeping and investment of the income tax receipts collected within the JEDD FP. 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 5– Contractual Commitments

The JEDD FP has no contractual commitments at December 31, 2019.

Note 6– Subsequent Events

The JEDD FP 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.