

# Jackson-Canton Joint Economic Development District

## *Basic Financial Statements*

For the Period August 31, 2016 through  
December 31, 2017

**Jackson-Canton Joint Economic Development District**  
**STARK COUNTY, OHIO**  
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April 27, 2018

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 period August 31, 2016 through ended December 31, 2017 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 on pages 3 - 4 are not a required part of the basic financial statements but are 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 Period August 31, 2016 through December 31, 2017*

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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 period August 31, 2016 through December 31, 2017. 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. This discussion and analysis will provide two year comparison data in future years when available.

**Financial Highlights**

- The JEDD was established by an agreement entered into by the City of Canton, Ohio and Jackson Township, Ohio.
- Fiscal year revenues and expenses were \$249,705 and \$242,705, 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 2017 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 2017?" 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 Period August 31, 2016 through December 31, 2017*

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***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. The basic governmental fund financial statements can be found on pages 7-9 of this report.

*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. These notes to the basic financial statements can be found on pages 11-16.

**Governmental Activities**

The funding for the governmental activities comes from municipal income tax. The JEDD levies a municipal income tax of 2.0 percent on all salaries and net profits.

***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 \$144,814 and expenditures of \$242,705.

The general fund's net change in fund balance for 2017 was a decrease of \$97,891.

***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, 2017*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash with Fiscal Agent	\$ 7,000
Income Taxes Receivable	<u>104,891</u>
<i>Total Assets</i>	<u>111,891</u>
<b>Liabilities</b>	
Intergovernmental Payable	<u>104,891</u>
<i>Total Liabilities</i>	<u>104,891</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$ 7,000</u></u>

See accompanying notes and accountant's compilation report.

**Jackson-Canton Joint Economic Development District**  
**Stark County, Ohio**  
*Statement of Activities*  
For the Period August 31, 2016 through December 31, 2017

	Governmental Activities
<b>Expenses</b>	
Economic Development:	
Income Tax Disbursements, Jackson Township	\$ 72,228
Income Tax Disbursements, City of Canton	170,477
	242,705
<i>Total Program Expenses</i>	<i>242,705</i>
<b>Revenues</b>	
General Revenues:	
Income Taxes	249,705
	7,000
<i>Change in Net Position</i>	<i>7,000</i>
<i>Net Position at Beginning of Year</i>	<i>0</i>
<i>Net Position at End of Year</i>	<i>\$ 7,000</i>

See accompanying notes and accountant's compilation report.



**Jackson-Canton Joint Economic Development District**  
**Stark County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2017*

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	General Fund
<b>Assets</b>	
Cash with Fiscal Agent	\$ 7,000
Income Taxes Receivable	104,891
<i>Total Assets</i>	<u>\$ 111,891</u>
<b>Liabilities</b>	
Intergovernmental Payable	104,891
<b>Deferred Inflows of Resources</b>	
Income Tax	104,891
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>209,782</u>
<b>Fund Balances</b>	
Unassigned	<u>(97,891)</u>
<i>Total Fund Balances</i>	<u>\$ (97,891)</u>

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, 2017*

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<b>Total Governmental Fund Balances</b>	\$ (97,891)
 <i>Amounts reported for governmental activities in the 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 inflows of resources in governmental funds.	<u>104,891</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 7,000</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 Period August 31, 2016 through December 31, 2017*

	General Fund
<b>Revenues</b>	
Income Taxes	\$ 144,814
<i>Total Revenues</i>	144,814
<b>Expenditures</b>	
Current:	
Economic Development:	
Income Tax Disbursements, Jackson Township	72,228
Income Tax Disbursements, City of Canton	170,477
<i>Total Expenditures</i>	242,705
<i>Net Change in Fund Balance</i>	(97,891)
<i>Fund Balance Beginning of Year</i>	0
<i>Fund Balance End of Year</i>	\$ (97,891)

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 Period August 31, 2016 through December 31, 2017*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (97,891)
 <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>104,891</u>
 <i>Change in Net Position of Governmental Activities</i>	 <u><u>\$ 7,000</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 Period August 31, 2016 through December 31, 2017*

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**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 31, 2016) 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 District SM, 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 District SM, which income tax has been levied in the District SM 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 District SM appointed by the Township Trustees, one member representing the persons working within District SM 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, 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 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 generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The most significant of the 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 Period August 31, 2016 through December 31, 2017*

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The statement of net position presents the financial condition of the governmental activities of the JEDD at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the JEDD's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. General revenues are all receipts not classified as program revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the JEDD.

#### ***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. 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

## **Jackson-Canton Joint Economic Development District**

### **Stark County, Ohio**

#### *Notes to the Basic Financial Statements*

*For the Period August 31, 2016 through December 31, 2017*

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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, 2017.

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 funds 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 Period August 31, 2016 through December 31, 2017*

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***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 \$7,000.

***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 Period August 31, 2016 through December 31, 2017*

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*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, 2017, there was no net position restricted by enabling legislation.

#### ***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 – Income Taxes**

The JEDD levies a 2 percent income tax whose proceeds are placed into the general fund.

The net income tax revenues are distributed quarterly. As part of a Job Creation Agreement entered into by all parties on December 27, 2017, for the first 10 years of the JEDD agreement, the distribution of the income tax is 25 percent to the Township, 75 percent to the City. As part of the agreement, the City will then refund 50 percent back to Stolle Machinery. After 10 years, the income tax will not be subject to a refund to Stolle Machinery; the Township and the City will each receive 50 percent of the income tax revenue collected. The JEDD shall set aside one percent of the income tax collected for long-term maintenance of the District SM, provided the amount does not exceed \$500 annually without consent of the contracting parties.

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

*Notes to the Basic Financial Statements  
For the Period August 31, 2016 through December 31, 2017*

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**Note 4 – 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 District SM. The Administrator is responsible for the receipt, safekeeping and investment of the income tax revenues collected within the District SM. 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.