

Jackson-Canton Joint Economic Development District 18-001

Basic Financial Statements

For the Year Ended December 31, 2019

Jackson-Canton Joint Economic Development District 18-001
STARK COUNTY, OHIO
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February 16, 2020

Board of Directors
Jackson-Canton Joint Economic Development District 18-001
218 Cleveland Avenue, S.W.
Canton, Ohio 44702

Management is responsible for the accompanying financial statements arising from the cash transactions of Jackson-Canton Joint Economic Development District 18-001, 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 the 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 18-001

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 18-001 (the "JEDD 18-001") financial performance provides an overall review of the JEDD 18-001's financial activities for the period ended December 31, 2019. The intent of this discussion and analysis is to look at the JEDD 18-001'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 18-001's financial performance. Comparative information will be reported when available.

Financial Highlights

- The JEDD 18-001 was established by an agreement entered into by the City of Canton, Ohio and Jackson Township, Ohio effective October 9, 2018.
- 2019 receipts and disbursements were \$33,390 and \$0, respectively with overall net position increasing \$33,390

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the JEDD 18-001 as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the JEDD 18-001'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 ending December 31, 2019 and how they affected the operations of the JEDD 18-001 as a whole.

Basis of Accounting

The JEDD 18-001 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 basis 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 of accounting.

Reporting the JEDD 18-001 as a Whole

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole JEDD 18-001, presenting both an aggregate view of the JEDD 18-001'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.

These two statements report the JEDD 18-001's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the JEDD 18-001 as a whole, the *financial position* of the JEDD 18-001 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 18-001
Stark County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Table 1 provides a summary of the JEDD 18-001's net position for fiscal year 2019.

Table 1
Net Position - Cash Basis

	2019
Assets	
Cash with Fiscal Agent	\$ 33,390
<i>Total Assets</i>	33,390
Net Position	
Unrestricted	\$ 33,390

Table 2 shows the changes in net position for fiscal year 2019.

Table 2
Changes in Net Position - Cash Basis

	2019
Disbursements	\$ 0
Receipts	
General Receipts:	
Income Taxes	33,390
<i>Change in Net Position</i>	33,390
<i>Net Position at Beginning of Year</i>	0
<i>Net Position at End of Year</i>	\$ 33,390

Jackson-Canton Joint Economic Development District 18-001

Stark County, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2019

Reporting the JEDD 18-001'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 18-001, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All activities of the JEDD 18-001 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 then remits it to the JEDD 18-001 for distribution in accordance with the JEDD 18-001 agreement between the City of Canton and Jackson TWP, which established the JEDD 18-001.

During the year, the JEDD 18-001's cash held with fiscal agent increase from \$0 to \$33,390. The increase in cash was due to the timing of collections vs distributions in accordance with the JEDD 18-001 agreements.

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. No distributions were processed in 2019.

Contacting the JEDD 18-001'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 18-001's finances and to show the JEDD 18-001'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 18-001
Stark County, Ohio
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash with Fiscal Agent	<u>\$ 33,390</u>
<i>Total Assets</i>	<u>33,390</u>
Net Position	
Unrestricted	<u><u>\$ 33,390</u></u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District 18-001

Stark County, Ohio

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2019*

	<u>Governmental Activities</u>
<i>Disbursements</i>	\$ 0
Receipts	
General Receipts:	
Income Taxes	<u>33,390</u>
<i>Change in Net Position</i>	33,390
<i>Net Position at Beginning of Year</i>	<u>0</u>
<i>Net Position at End of Year</i>	<u><u>\$ 33,390</u></u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District 18-001
Stark County, Ohio
Balance Sheet - Cash Basis
Governmental Fund
December 31, 2019

	General Fund
Assets	
Cash with Fiscal Agent	\$ 33,390
<i>Total Assets</i>	<u>\$ 33,390</u>
Fund Balances	
Unassigned	\$ 33,390
<i>Total Fund Balance</i>	<u>\$ 33,390</u>

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District 18-001
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	\$ 33,390
<i>Total Receipts</i>	33,390
Disbursements	0
<i>Net Change in Fund Balance</i>	33,390
<i>Fund Balance (Deficit) Beginning of Year</i>	0
<i>Fund Balance (Deficit) End of Year</i>	\$ 33,390

See accompanying notes and accountant's compilation report.

Jackson-Canton Joint Economic Development District 18-001

Stark County, Ohio

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

Note 1 – Description of the JEDD 18-001

The Jackson-Canton Joint Economic Development District 18-001 (the “JEDD 18-001”) was created by an agreement (in effect as of October 9, 2018) 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 18-001 district, the City, the Township, Stark County, and the State of Ohio. The City Treasurer shall be the appointed “Administrator” of the JEDD 18-001 and will administer, collect, and enforce the income tax on behalf of the JEDD 18-001, which income tax has been levied in the JEDD 18-001 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 18-001 appointed by the Township Trustees, one member representing the persons working within JEDD 18-001 appointed by Township Trustees, and the Chair of the Board shall be selected as set forth in the Ohio Revised Code Section 715.72(P)(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 18-001 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. Neither party exercised that option.

The management of the JEDD 18-001 believes that these financial statements present all activities for which the JEDD 18-001 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 Council’s accounting policies.

Basis of Presentation

The JEDD 18-001’s basic financial statements consist of government-wide financial 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.

Jackson-Canton Joint Economic Development District 18-001

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Government-wide Financial Statements

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the JEDD 18-001 as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the JEDD 18-001 at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the JEDD 18-001'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. JEDD 18-001 did not receive any program receipts and the only general receipts reported was for income tax collections. 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 18-001.

Fund Financial Statements

During the year, the JEDD 18-001 segregates transactions related to certain JEDD 18-001 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 18-001 at this more detailed level. All activities of the JEDD 18-001 are reported in one fund, the general fund.

Fund Accounting

The JEDD 18-001 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 18-001 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 18-001's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the JEDD 18-001'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 18-001 to budget annually; therefore, budgetary information for the JEDD 18-001 is not presented in the basic financial statements.

Jackson-Canton Joint Economic Development District 18-001

Stark County, Ohio

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

Cash with Fiscal Agent

All monies received by the JEDD 18-001 are held by the City which serves as fiscal agent. At year-end, cash with fiscal agent totaled \$33,390. The money is held by the City in a pooled account with other City funds and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash of the City as a whole may be obtained from their audit report or by contracting the City directly.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the JEDD 18-001 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.

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 18-001. 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 18-001 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.

Jackson-Canton Joint Economic Development District 18-001

Stark County, Ohio

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

The JEDD 18-001 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.

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 18-001 applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 – Income Taxes

The City of Canton has levied an income tax in the amount of 2.5%. Effective with the new .5% tax levy, the split will be 40% Township and 60% City. The City will receive all new taxes related to the .5%.

As part of a Job Creation Agreement entered into by all parties on February 14, 2019, for the first 10 years of the JEDD 18-001 agreement, the distribution of the employee withholdings income tax will be 30% to the Township, 70% to the City through January 15, 2030. For 10 years the City will make an incentive payment to ComDoc, Inc. of an equal amount to one half of 1.0% (20%) of the income tax revenues received by the City.

After 10 years, the income tax will not be subject to a refund to ComDoc, Inc.; the distribution of the employee withholdings income tax will be split 40% to the Township and 60% to the City. The JEDD 18-001 shall set aside 1% of the income tax collected for long-term maintenance of the JEDD 18-001, provided the amount does not exceed \$500 annually without consent of the contracting parties.

Note 4– Contributions

As part of the contract forming the JEDD 18-001, the City provides certain services to the JEDD 18-001. The Treasurer of the City is the Administrator of the income tax of JEDD 18-001. The Administrator is responsible for the receipt, safekeeping and investment of the income tax receipts collected within the JEDD 18-001. 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 18-001 has no contractual commitments at December 31, 2019.

Jackson-Canton Joint Economic Development District 18-001

Stark County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 6– Subsequent Events

The JEDD 18-001 has evaluated subsequent events through the date of the “Independent Compilation Report,” the date on which the financial statements were available to be issued. There were no events requiring disclosure.