

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

Financial Statements

For the Year Ended December 31, 2021



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Jackson-Canton Joint Economic Development District SM
STARK COUNTY, OHIO
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**Jackson-Canton Joint Economic Development District SM
Stark County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2021*

The discussion and analysis of the Jackson-Canton Joint Economic Development District's SM (the "JEDD SM") financial performance provides an overall review of the JEDD SM's financial activities for the period ended December 31, 2021. The intent of this discussion and analysis is to look at the JEDD SM'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 SM's financial performance.

Financial Highlights

- The JEDD SM was established by an agreement entered into by the City of Canton, Ohio and Jackson Township, Ohio effective August 31, 2016.
- 2020 receipts and disbursements were \$376,638 and \$380,502, respectively, with overall net position decreasing \$3,864.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the JEDD SM as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the JEDD SM'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, 2021 and how they affected the operations of the JEDD SM as a whole.

Basis of Accounting

The JEDD SM 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 SM as a Whole

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole JEDD SM, presenting both an aggregate view of the JEDD SM'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 SM's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the JEDD SM as a whole, the *financial position* of the JEDD SM 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 SM
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Management's Discussion and Analysis
For the Year Ended December 31, 2021

Table 1 provides a summary of the JEDD SM's net position for fiscal year 2021 compared to 2020.

Table 1
Net Position - Cash Basis

	2021	2020	Change
Assets			
Cash with Fiscal Agent	\$ 57,252	\$ 61,116	\$ (3,864)
Net Position			
Unrestricted	\$ 57,252	\$ 61,116	\$ (3,864)

Table 2 shows the changes in net position for fiscal year 2021 as compared to fiscal year 2020.

Table 2
Changes in Net Position - Cash Basis

	2021	2020	Change
Disbursements			
Economic Development:			
Income Tax Disbursements, Jackson Township	\$ 72,310	\$ 80,107	\$ (7,797)
Income Tax Disbursements, City of Canton	302,528	539,714	(237,186)
Professional Services	5,664	29	5,635
<i>Total Program Disbursements</i>	380,502	619,850	(239,348)
Receipts			
General Receipts:			
Income Taxes	376,638	420,948	(44,310)
<i>Change in Net Position</i>	(3,864)	(198,902)	195,038
<i>Net Position at Beginning of Year</i>	61,116	260,018	(198,902)
<i>Net Position at End of Year</i>	\$ 57,252	\$ 61,116	\$ (3,864)

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Management's Discussion and Analysis
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Reporting the JEDD SM'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 SM, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All activities of the JEDD SM 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 SM for distribution in accordance with the JEDD SM agreement between the City of Canton and Jackson Township, which established the JEDD SM.

During the year, the JEDD SM's cash held with fiscal agent decreased due to the timing of collections versus distributions in accordance with the JEDD SM agreement.

The receipts and disbursements increased from the prior year due to the timing of the collections of income taxes 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 SM'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 SM's finances and to show the JEDD SM'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, 424 Market Ave., North, 4th Floor, Canton, Ohio 44702.

Jackson-Canton Joint Economic Development District SM
Stark County, Ohio
Statement of Net Position - Cash Basis
December 31, 2021

	<u>Governmental Activities</u>
Assets	
Cash with Fiscal Agent	<u>\$ 57,252</u>
Net Position	
Unrestricted	<u><u>\$ 57,252</u></u>

See accompanying notes to the basic financial statements.

Jackson-Canton Joint Economic Development District SM

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Statement of Activities - Cash Basis

For the Year Ended December 31, 2021

	<u>Governmental Activities</u>
Disbursements	
Economic Development:	
Income Tax Disbursements, Jackson Township	\$ 72,310
Income Tax Disbursements, City of Canton	302,528
Professional Services	<u>5,664</u>
<i>Total Program Disbursements</i>	<u>380,502</u>
Receipts	
General Receipts:	
Income Taxes	<u>376,638</u>
<i>Change in Net Position</i>	(3,864)
<i>Net Position at Beginning of Year</i>	<u>61,116</u>
<i>Net Position at End of Year</i>	<u><u>\$ 57,252</u></u>

See accompanying notes to the basic financial statements.

Jackson-Canton Joint Economic Development District SM
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Balance Sheet - Cash Basis
Governmental Fund
December 31, 2021

	<u>General Fund</u>
Assets	
Cash with Fiscal Agent	<u>\$ 57,252</u>
<i>Total Assets</i>	<u><u>\$ 57,252</u></u>
Fund Balances	
Unassigned	<u>\$ 57,252</u>
<i>Total Fund Balance</i>	<u><u>\$ 57,252</u></u>

See accompanying notes to the basic financial statements.

Jackson-Canton Joint Economic Development District SM
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Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis
Governmental Fund
For the Year Ended December 31, 2021

	General Fund
Receipts	
Income Taxes	\$ 376,638
<i>Total Receipts</i>	<i>376,638</i>
Disbursements	
Current:	
Economic Development:	
Income Tax Disbursements, Jackson Township	72,310
Income Tax Disbursements, City of Canton	302,528
Professional Services	5,664
<i>Total Disbursements</i>	<i>380,502</i>
<i>Net Change in Fund Balance</i>	<i>(3,864)</i>
<i>Fund Balance (Deficit) Beginning of Year</i>	<i>61,116</i>
<i>Fund Balance (Deficit) End of Year</i>	<i>\$ 57,252</i>

See accompanying notes to the basic financial statements.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 1 – DESCRIPTION OF THE JEDD SM

The Jackson-Canton Joint Economic Development District SM (the “JEDD SM”) 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 JEDD SM district, the City, the Township, Stark County, and the State of Ohio. The City Treasurer shall be the appointed “Administrator” of the JEDD SM and will administer, collect, and enforce the income tax on behalf of the JEDD SM, which income tax has been levied in the JEDD 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 JEDD SM appointed by the Township Trustees, one member representing the persons working within JEDD 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 SM 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 (period of August 31, 2016 through December 31, 2017). Neither party exercised that option.

The management of the JEDD SM believes that these financial statements present all activities for which the JEDD SM 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 SM’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 SM

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Notes to the Financial Statements

For the Year Ended December 31, 2021

Government-wide Financial Statements

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the JEDD SM 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 SM at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the JEDD SM'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 SM 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 SM.

Fund Financial Statements

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

Fund Accounting

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

Jackson-Canton Joint Economic Development District SM
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Notes to the Financial Statements
For the Year Ended December 31, 2021

Cash with Fiscal Agent

All monies received by the JEDD SM are held by the City which serves as fiscal agent. 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 contacting 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 SM 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 SM. 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 SM 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.

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Notes to the Financial Statements
For the Year Ended December 31, 2021

The JEDD SM 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 SM 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 0.5% tax levy, the split will be 40% Township and 60% City. The City will receive all new taxes related to the 0.5%.

As part of a Job Creation Agreement entered into by all parties on December 27, 2017, for the first 10 years of the JEDD SM agreement, the distribution of the employee withholdings income tax will be 25% to the Township, 75% to the City through June 30, 2018. As part of the agreement, the City will then refund 60% back to Stolle Machinery. Effective with the new 0.5% tax levy, the split will be 20% Township and 80% City.

After 10 years, the income tax will not be subject to a refund to Stolle Machinery; the Township will receive 40% and the City will receive 60% of the income tax revenue collected. The City will still receive all new taxes related to the 0.5%.

NOTE 4– CONTRIBUTIONS

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

NOTE 5– CONTRACTUAL COMMITMENTS

The JEDD SM has no contractual commitments at December 31, 2021.