



Dave Yost • Auditor of State

**DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT
STARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Downtown Canton Special Improvement District
Stark County
222 Market Ave. North
Canton, Ohio 44702

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Downtown Canton Special Improvement District, Stark County, Ohio (the District), (a not-for-profit corporation), which comprise the balance sheet, income statement and statement of cash flows, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Government's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Downtown Canton Special Improvement District, Stark County as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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Dave Yost
Auditor of State
Columbus, Ohio

September 23, 2016

**DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT
BALANCE SHEET**

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$112,416	\$97,266
TOTAL ASSETS	112,416	97,266
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	8,414	14,631
TOTAL LIABILITIES	8,414	14,631
NET ASSETS		
Net Assets Without Donor Restrictions	104,002	77,635
Net Assets With Donor Restrictions	0	5,000
TOTAL NET ASSETS	104,002	82,635
TOTAL LIABILITIES AND NET ASSETS	\$112,416	\$97,266

The accompanying notes to the financial statements are an integral part of this statement.

**DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT
INCOME STATEMENT**

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUE		
Assessments	\$193,058	\$181,278
Farmers Market	11,195	8,880
	204,253	190,158
TOTAL REVENUE		
EXPENSES		
Office Expenses	967	1,147
SID Contract	80,000	80,000
Insurance	1,610	1,438
Professional Fees	1,263	1,230
Farmers Market	16,164	12,853
Downtown Security	0	7,500
Marketing Plan	5,491	6,294
Color Downtown	12,559	12,830
Downtown Improvement Projects	2,530	1,240
Downtown Event Sponsorship	10,000	5,000
Special Event Project	43,129	50,483
Downtown Projects	1,250	0
Light Up Downtown	5,000	5,000
Other Expenses	2,923	4,814
	182,886	189,829
TOTAL EXPENSES		
CHANGE IN NET ASSETS	21,367	329
NET ASSETS, BEGINNING OF YEAR	82,635	82,306
NET ASSETS, END OF YEAR	\$104,002	\$82,635

The accompanying notes to the financial statements are an integral part of this statement.

**DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Assessments	\$193,058	\$181,278
Cash Received from Farmers Market	11,195	8,880
Cash Payments for Goods and Services	(189,103)	(177,962)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,150	12,196
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	97,266	85,070
CASH AND CASH EQUIVALENTS, END OF YEAR	112,416	97,266
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	21,367	329
(Decrease) Increase in Accounts Payable	(6,217)	11,867
Net Cash Provided By Operating Activities	15,150	12,196

The accompanying notes to the financial statements are an integral part of this statement.

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**DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. NATURE OF ACTIVITIES

Downtown Canton Special Improvement District (the District) is a nonprofit corporation formed in 1997 under the laws of the State of Ohio for the purpose of governing a special improvement district created pursuant to Ohio Revised Code Chapter 1710.

The District provides programming to preserve the economic well-being of downtown Canton. The District is dedicated to preserving the aesthetic, architectural, and historic character of the downtown area. The District is funded by special assessments on downtown property owners located within the district. The District manages the downtown area by providing promotion, safety, and cleanliness. There are many events the District promotes, such as First Friday, Light Up Downtown, Color Downtown, and Arts District events. Downtown security is organized and maintained by the District. Safety is an important key in promoting, not only the events in the downtown area, but also the daily activities associated with doing business in the downtown area.

Management believes the financial statements included in this report represent all of the activities of the District which the District is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Under Financial Accounting Standards Board Accounting Standards Codification 958-205, Financial Statements of Not-for-Profit Entities, the District is required to report information regarding its financial position and activities according to three classes of net position (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restriction:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions, subject to specific restriction as to their use and are satisfied either by actions of the District and/or the passage of time. As of December 31, 2015 and 2014, the District had net assets with donor restrictions of \$0 and \$5,000, respectively.

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

DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentration of Credit Risk

Financial instruments, which subject the District to concentration of credit risk, consist principally of cash and cash equivalents. To minimize risks, the District places its funds with highly rated financial institutions. The cash balances held at financial institutions might exceed insured limits from time to time; however, at December 31, 2015 and 2014, the cash balances were fully insured.

Income Taxes

The District has been classified as a public charity and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

The District has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The District believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the District's financial conditions, results of operations or cash flows.

Accordingly, the District has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2015 and 2014.

The District is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The District believes it is no longer subject to income tax examinations for years prior to 2011.

3. SPECIAL ASSESSMENT TAX LEVY

The major source of revenue for the District is funded by special assessments on the property taxes of owners of downtown business property. The portion of said assessment attributable to each property within the Special Improvement District that is not exempt shall be based on the ratio of the taxable land value of the subject property to the total taxable land value of all nonexempt property within the District. The special assessment levy was renewed in 2014 for a four-year period. The City of Canton sends the District the special assessments twice a year.

4. RELATED PARTIES

A Board of Director member is employed by the Canton Regional Chamber of Commerce (the Chamber). In October 2000, the District entered into a contract with the Chamber to provide employee and professional services, office space and office equipment. The contract has been renewed through April 30, 2017. The District made 14 payments totaling \$102,719 and 12 payments totaling \$79,966, during fiscal years 2015 and 2014, respectively, to the Chamber. \$7,030 was owed by the District to the Chamber as of December 31, 2015 and is included as accounts payable.

A Board of Director member is employed by Arts in Stark. The District contracts with Arts in Stark for First Friday events. The District made three payments totaling \$31,250 and three payments totaling \$31,200, during fiscal years 2015 and 2014, respectively, to Arts in Stark.

**DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(CONTINUED)**

5. DEPOSITS WITH FINANCIAL INSTITUTIONS

At December 31, 2015 and 2014 cash and cash equivalents consisted of the following:

	2015	2014
Demand deposits	\$112,416	\$ 97,266

At the end of the year, the bank balance of the Corporation's, deposits was insured by the Federal Depository Insurance Corporation.

6. RISK MANAGEMENT

The District maintains property insurance through a private insurance carrier. There has been no significant change in coverage in the past four year. There have been no claims that exceeded coverage in the past four year.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Downtown Canton Special Improvement District
Stark County
222 Market Ave North
Canton, Ohio 44702

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Downtown Canton Special Improvement District, Stark County, (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Entity's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Dave Yost
Auditor of State
Columbus, Ohio

September 23, 2016



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DOWNTOWN CANTON SPECIAL IMPROVEMENT DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2016**