

**CANTON COMMUNITY IMPROVEMENT CORPORATION**

**(A Component Unit of the City of Canton)**

**Stark County, Ohio**

**BASIC**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**L. RAFAEL RODRIGUEZ, ADMINISTRATOR**





# Dave Yost • Auditor of State

Board of Directors  
Canton Community Improvement Corporation  
218 Cleveland Ave SW  
Canton, OH 44702

We have reviewed the *Independent Auditor's Report* of the Canton Community Improvement Corporation, Stark County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Canton Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 31, 2017

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**CANTON COMMUNITY IMPROVEMENT CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of the City of Canton)**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Canton Community Improvement Corporation  
Stark County  
218 Cleveland Avenue S.W.  
Canton, Ohio 44702

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Canton Community Improvement Corporation, Stark County, Ohio, a component unit of the City of Canton, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Canton Community Improvement Corporation's basic financial statements as listed in the table of contents.

***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 Canton Community Improvement Corporation'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 Canton Community Improvement Corporation'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 the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Canton Community Improvement Corporation, Stark County, Ohio, as of December 31, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2017, on our consideration of the Canton Community Improvement Corporation'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 Canton Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 31, 2017



**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY, OHIO  
(A Component Unit of the City of Canton)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

The management's discussion and analysis for Canton Community Improvement Corporation's (CCIC) financial performance provides an overall review of CCIC for the year ended December 31, 2016. The intent of this discussion and analysis is to look at CCIC's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of CCIC's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- In total, net position decreased \$1,711,199 from 2015. This is mainly due to the transfer of the Southeast Community Center building to the City of Canton in 2016.
- Total assets decreased \$1,711,937 from 2015. This is mainly due to the transfer of the Southeast Community Center building to the City of Canton in 2016.
- Total liabilities decreased by \$738 for the year.
- Total revenue was \$240,336 which was down from 2015's revenues of \$278,296. This decrease was mainly due to the Hall of Fame program not being held in 2016.
- City of Canton grant income was reduced by \$107,368 for 2016 due to the Stark County Auditor real estate tax reimbursement of \$136,648 for the past real estate taxes paid on the Southeast Community Center over the past years which were refunded to the CIC in 2016.
- Total operating expenses amounted to \$107,751 for the year. This is a decrease from 2015's operating expenses of \$334,901, which is mainly due to the amount of economic development grants paid out in 2016.

**Overview of the Financial Statements**

The basic financial statements include a statement of net position, revenues, expenses and changes in net position, and a statement of cash flows. Since CCIC only uses one fund for its operations, the entity wide and the fund presentation information is the same.

**Financial Analysis**

**Summary changes in revenue, expenses, and net position for the year 2015 and 2016 listed below**

- Total Assets 2015 - \$2,556,388
- Total Assets 2016 - \$844,451
  
- Total Liabilities 2015 - \$4,484
- Total Liabilities 2016 - \$3,746
  
- Total Net Position 2015 - \$2,551,904
- Total Net Position 2016 - \$840,705

**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY, OHIO  
(A Component Unit of the City of Canton)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)**

**Changes in Net Position for the year 2015 and 2016 listed below**

- Total Revenues 2015 - \$278,296
- Total Revenues 2016 - \$240,336
  
- Total Expenses 2015 - \$416,980
- Total Expenses 2016 - \$1,951,535
  
- Total Net Income (Loss) 2015 – (\$138,684)
- Total Net Income (Loss) 2016 – (\$1,711,199)

**Capital Assets**

At the end of 2016, CCIC had \$791,261 invested in capital assets, net of depreciation. Additional information on CCIC's capital assets can be found in Note 4.

**Current Financial Related Activities**

At December 31, 2016, CCIC had total assets of \$844,451 and total net position of \$840,705. To lessen the tax burden on CCIC, ownership of property currently held by CCIC is being reverted to the City of Canton. The CCIC is in the process of reviewing property ownership with the intent of reverting property to former ownership if the purpose for CCIC ownership has expired. Purpose for CCIC property ownership is generally related to active development projects. In cases where the project was canceled or the need for the property terminated CCIC will revert the property to original owner as soon as possible. It is the policy of CCIC to not hold properties for longer than required. This property holding practice will impact CCIC financial position by reducing assets and property tax liabilities.

**Request for Information**

This financial report is designed to provide the citizens, taxpayers, and consumers of the City of Canton with a general overview of CCIC's financial position. If you have any questions about this report or need additional financial information, contact the Administrator, 218 Cleveland Ave., 5th Floor, Canton, Ohio 44702.

**BASIC  
FINANCIAL STATEMENTS**

**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY, OHIO  
(A Component Unit of the City of Canton)**

STATEMENT OF NET POSITION  
DECEMBER 31, 2016

**ASSETS**

Current assets:

Cash	\$	82,504
Total current assets		82,504

Noncurrent assets:

Capital assets:

Buildings		90,200
Land		41,700
Land Held for Future Use		486,961
Land Improvements		172,400
Accumulated Depreciation		(29,314)
Total non-current capital assets		761,947
Total assets		844,451

**LIABILITIES**

Current liabilities:

Accrued wages		2,019
Payroll Liabilities		1,727
Total current liabilities . . . . .		3,746
Total liabilities		3,746

**NET POSITION**

Investment in capital assets		761,947
Unrestricted		78,758
Total net position	\$	840,705

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY, OHIO  
(A Component Unit of the City of Canton)**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2016

**OPERATING REVENUES**

City of Canton Grants	\$	94,363
Enterprise Zone Fees		5,500
JEFFCO Metals City Scales Rent		2,565
Total operating revenues		102,428

**OPERATING EXPENSES**

Program services:		
Huntington Bank Parking Grant		20,500
Depreciation Expense		2,255
Total program services		22,755
Support services:		
Salaries		52,512
Bank fees		78
DSM Consulting		3,500
Accounting Fees		2,475
Appraisal Fees		3,600
Audit Expnese		5,000
Quality Review Fee		94
Dues and Subscriptions		2,250
Miscellaneous Operations Expense		53
Postage, Mailing Service		10
Printing and Copying		40
Supplies		87
Employer Tax Contribution		4,217
Property Transfer Deed Expense		44
Real Estate Taxes paid		10,280
Travel and Meetings		477
Worker's compensation insurance		279
Total support services		84,996
Total operating expenses		107,751
OPERATING INCOME (Loss)		(5,323)

**Non-operating revenues (expenses):**

Miscellaneous Revenue	1,260
Stark City Auditor- Tax Reimbursement	136,648
Real Estate Taxes Pass Thru SECC	(70,032)
Asset Contribution to City	(1,773,752)
Total non-operating revenues (expenses)	(1,705,876)
Net income (Loss)	(1,711,199)
Net position at beginning of year	2,551,904
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 840,705</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY, OHIO  
(A Component Unit of the City of Canton)**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from grants	\$	94,363
Cash received from other operating revenue		8,065
Cash payments to employees		(56,667)
Cash payments for goods and services		(49,567)
		(3,806)
Net cash provided by (used in) operating activities		(3,806)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Cash received from miscellaneous revenue		1,260
Cash received from Stark City Auditor- Tax Reimbursement		136,648
Cash used in Real Estate Taxes Pass Thru SECC		(70,032)
		67,876
Net cash provided by noncapital financing activities		67,876

NET INCREASE IN CASH		64,070
Cash at beginning of year		18,434
<b>CASH AT END OF YEAR</b>	<b>\$</b>	<b>82,504</b>

**RECONCILIATION OF OPERATING LOSS  
TO NET CASH USED IN OPERATING ACTIVITIES**

Operating income (loss)	\$	(5,323)
Adjustments:		
Depreciation		2,255
Increase (Decrease) in accounts payable		(800)
Increase (Decrease) in accrued wages and benefits		(13)
Increase in payroll liabilities		75
		75
Net cash provided by (used in) operating activities	<b>\$</b>	<b>(3,806)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY, OHIO  
(A Component Unit of the City of Canton)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 1 - NATURE OF ACTIVITIES**

Canton Community Improvement Corporation (“CCIC”), a component unit of the City of Canton, is a non-profit corporation organized under Chapter 1724 of the Ohio Revised Code for the purpose of promoting industrial, economic, commercial and civic development. CCIC has been designated as the City of Canton’s agent for industrial and commercial distributions and research development. As agent, CCIC disburses loan and grant funds to recipients for economic development projects approved by the Board of Directors. Because CCIC is only acting as an agent, the City of Canton retains the loans and collects payments on the loans. CCIC uses one fund to account for its activities, an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to private enterprises. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City of Canton (the “City”) is a municipal corporation incorporated under the laws of the State of Ohio. The Financial Reporting Entity, the City’s financial statements include all organizations, activities and functions, which comprise the primary government and those legally separate entities for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the unit’s board and either 1) the City’s ability to impose its will over the unit, or 2) the possibility that the unit will provide a financial benefit or impose a financial burden to the City. CCIC is a legally separate entity and is reported by the City as a discretely presented component unit in its basic financial statements. CCIC does not include any other units in its presentation.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The basic financial statements of CCIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. CCIC’s significant accounting policies are described below. The CCIC’s financial statements have been prepared using the accrual basis of accounting.

**B. Basis of Presentation**

The CCIC’s basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

**C. Community Development Loans**

The CCIC, acting as an agent for the City of Canton, issues loans to various businesses for the purpose of assisting the establishment of a new business enterprise in the City of Canton and/or continuing or expanding existing business activity.

**CANTON COMMUNITY IMPROVEMENT CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of the City of Canton)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Capital Assets**

Capital assets represent land and buildings donated or transferred to CCIC by the City of Canton to be used in future economic development projects as well as land currently being utilized for an economic development project. The land and buildings have been recorded at their fair value as of the date of the contribution, or at cost if purchased. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Building Improvements and Buildings are depreciated over 40 years.

**E. Grant Revenue**

Grant revenue is derived from a grant passed through from the City of Canton. The grant funds received provide economic development loans and facade improvement grants, as well as administrative expenses of CCIC. Grant revenue is recognized to the extent that expenses eligible for reimbursement under the grant agreement have been incurred during the period.

**F. Federal Income Tax**

CCIC is exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code.

**G. In-Kind Contributions**

City of Canton employees perform services for CCIC. This portion of salaries and related fringe benefits for these services are paid by the City of Canton. The estimated fair value of in-kind contribution is reported as a revenue and an expense in the period in which the services are used. CCIC also benefited from the contribution of Board of Directors' time to attend board meetings. The estimated fair value of these members' contribution is not reflected in these statements since it is not susceptible to objective valuation. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. CCIC had no in-kind contributions in 2016.

**H. Net Position**

Net position represents the difference between assets and liabilities on the statement of net position. Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used to build or acquire the capital assets. Net position is reported as restricted in the combined financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations. There was no restricted for economic development as of December 31, 2016.

**I. Estimates**

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from these estimates.



**CANTON COMMUNITY IMPROVEMENT CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of the City of Canton)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Subsequent Events**

CCIC has evaluated subsequent events through the date of the “Independent Auditors Report,” the date on which the financial statements were available to be issued. There were no events requiring disclosure.

**K. Operating Revenues and Expenses**

Operating Revenues are those revenues that are generated directly from the primary activity of CCIC. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of CCIC. All revenues and expenses not meeting these definitions are reported as nonoperating.

**NOTE 3 - CASH**

At December 31, 2016, the carrying amount of the CIC’s deposits was \$82,504. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2016, the entire bank balance of \$103,004 was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

At December 31, 2016, CCIC had no investments.

**NOTE 4 - CAPITAL ASSETS**

Capital Asset activity for the year ended December 31, 2016 was as follows:

	Balance <u>1/1/16</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/16</u>
Capital Assets Not Being Depreciated:				
Land	\$ 41,700	\$ -	\$ -	\$ 41,700
Land Improvements	172,400	-	-	172,400
Land Held for Future Use	<u>486,961</u>	-	-	<u>486,961</u>
Total Capital Assets Not Being Depreciated	<u>701,061</u>	-	-	<u>701,061</u>
Capital Assets Being Depreciated:				
Buildings	2,080,800	-	(1,990,600)	90,200
Building Improvements	<u>34,569</u>	-	<u>(34,569)</u>	-
Total Capital Assets Being Depreciated	<u>2,115,369</u>	-	<u>(2,025,169)</u>	<u>90,200</u>
Less: Accumulated Depreciation				
Buildings	(275,884)	(2,255)	248,825	(29,314)
Building Improvements	<u>(2,592)</u>	-	<u>2,592</u>	-
Total accumulated depreciation	<u>(278,476)</u>	<u>(2,255)</u>	<u>251,417</u>	<u>(29,314)</u>
Total capital assets, being depreciated	<u>1,836,893</u>	<u>(2,255)</u>	<u>(1,773,752)</u>	<u>60,886</u>
Governmental activities capital assets, net	<u>\$ 2,537,954</u>	<u>\$ (2,255)</u>	<u>\$ (1,773,752)</u>	<u>\$ 761,947</u>

**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY, OHIO  
(A Component Unit of the City of Canton)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 - COMMUNITY DEVELOPMENT LOANS**

CCIC awards loans through the Community Development Block Grant program provided by the City of Canton. If the business has been awarded a Performance Loan (Deferred Loan) and has maintained all of the terms and conditions of the agreement, CCIC shall forgive and cancel the unpaid balance for the specified time stated in the agreement. For all loan types, the borrowers must meet certain criteria documented in the loan agreements for receiving these funds. Jobs must be created as a result of the loan. Fifty-one percent or more of the new employees must be in the low to moderate income category. The City of Canton retains the loans and is responsible for the collection of these loans and are therefore not recorded in the financial statements of CCIC.

**NOTE 6 - COMMITMENTS**

In 2016, there were no loans or grants committed to or approved by the Board of Directors.

**NOTE 7 - IN-KIND CONTRIBUTIONS, DONATED FACILITIES AND SERVICES**

The City of Canton provides CCIC with office space and various office services without charge. The value of the donated facilities is not recognized in the accompanying financial statements because no objective basis is available to measure the value of the donated facilities. No in-kind wages were received from the City of Canton in 2016.

**NOTE 8 - CONTINGENCIES**

The CCIC, through the City of Canton, received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the CCIC. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the CCIC at December 31, 2016.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Canton Community Improvement Corporation  
Stark County  
218 Cleveland Avenue S.W.  
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 Canton Community Improvement Corporation, Stark County, Ohio, a component unit of the City of Canton, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Canton Community Improvement Corporation's basic financial statements and have issued our report thereon dated May 31, 2017.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Canton Community Improvement Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Canton Community Improvement Corporation'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 Canton Community Improvement Corporation'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Board of Directors  
Canton Community Improvement Corporation

***Compliance and Other Matters***

As part of reasonably assuring whether the Canton Community Improvement Corporation'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*.

***Canton Community Improvement Corporation's Response to Finding***

Canton Community Improvement Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Canton Community Improvement Corporation's response and, accordingly, we express no opinion on it.

***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 Canton Community Improvement Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Canton Community Improvement Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
May 31, 2017

**CANTON COMMUNITY IMPROVEMENT CORPORATION  
STARK COUNTY  
(A Component Unit of the City of Canton)**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2016**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2016-001

**Material Weakness - Financial Statement Presentation**

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Certain adjustments were required to properly state the corporation's financial statements:

- The financial statements initially did not include the complex transactions of donating property back to the City.
- Other non-significant adjustments were made to properly state financial activity.

The audited financial statements, related notes, and Corporation records have been adjusted for the misstatements identified during the audit.

Management was aware of all of the adjustments. The transactions were complex in nature and therefore were not initially recorded properly on the HINKLE financial statements. Due to the complex nature of the transactions, monthly and year ended financial statements were adjusted to properly record transactions in accordance with GAAP.

We recommend the Corporation consider consulting monthly or yearly with an accounting firm, specialized in governmental accounting to provide additional technical assistance for reporting complex transactions.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Corporation and has implemented additional policies and procedures to help with financial statement presentation.

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# Dave Yost • Auditor of State

**CANTON COMMUNITY IMPROVEMENT CORPORATION**

**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  
AUGUST 10, 2017**