

DOWNTOWN AKRON SPECIAL IMPROVEMENT DISTRICT, INC.

103 S. High St., 4th Floor Akron, OH 44308

PH: 330.374.7676

FAX: 330.374.7620

Downtown Akron Special Improvement District, Inc. Summit County

Financial Statement

Downtown Akron Special Improvement District, Inc.
Summit County
Statement of Cash Receipts, Disbursements
and Changes in Fund Cash Balances
For the Year Ended June 30, 2021

Cash Receipts

SID Assessment	\$ 721,891
Interest Income	\$ 4
Total Cash Receipts	<u>\$ 721,894</u>

Cash Disbursements

Accounting	\$ 3,168
Insurance	\$ 2,260
Contracts	\$ 725,000
Other	\$ 56
Total Cash Disbursements	<u>\$ 730,484</u>

Net Change in Fund Cash Balance \$ (8,589)

Fund Cash Balance - July 1 \$ 19,170

Fund Cash Balances - June 30
Unassigned \$ 10,581

Fund Cash Balance - June 30 \$ 10,581

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

DOWNTOWN AKRON SPECIAL IMPROVEMENT DISTRICT, INC.

103 S. High St., 4th Floor

Akron, OH 44308

PH: 330.374.7676

FAX: 330.374.7620

Downtown Akron Special Improvement District, Inc. Summit County

Notes to the Financial Statement June 30, 2021

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business

Downtown Akron Special Improvement District, Inc. (the District) is a not-for-profit corporation formed to govern a special improvement district pursuant to Ohio Revised Code Chapter 1710. The District was established as a mechanism through which downtown property owners assess themselves to provide funding for extended services aimed at the economic enhancement of the area. Summit County collects and after deducting a 4% fee, remits the assessments to the City of Akron, which remits the balance to the District. The current service plan of the District consists of clean, safe and hospitality services; vibrancy and economic development initiatives, marketing and promotional efforts; member outreach and support; and strategic engagement to holistically improve the health of downtown Akron. The District is governed by a seven-member Board of Directors. The District obtained a five-year renewal for property assessment which began in 2020.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its' funds into the following types:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

Budgetary Process

The District is not required to follow Budgetary Compliance in accordance with the Ohio Revised Code.

DOWNTOWN AKRON SPECIAL IMPROVEMENT DISTRICT, INC.

103 S. High St., 4th Floor Akron, OH 44308

PH: 330.374.7676

FAX: 330.374.7620

Note 1. Nature of Business and Significant Accounting Policies (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources.

The classifications are as follows:

The District classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is 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 Board can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporated contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund, report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the District or a District official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification of the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Fund Balance (continued)

The District 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.

Concentration of Credit Risk

The District maintains cash in a bank deposit account which, at times, may exceed federally insured limits. The District has not experienced any losses in the account. Management believes it is not exposed to any significant credit risk on cash. The carrying value of amount of deposits as of June 30, 2021 was \$10,581.

Nov. 1, 2021

DOWNTOWN AKRON SPECIAL IMPROVEMENT DISTRICT, INC.

103 S. High St., 4th Floor Akron, OH 44308

PH: 330.374.7676

FAX: 330.374.7620

Note 1. Nature of Business and Significant Accounting Policies (continued)

Income Tax Status

The District is exempt from income taxes under Section 501 c(4) of the Internal Revenue Code. The District is no longer subject to income tax examinations by federal and state taxing authorities prior to 2017.

Note 2. Management Agreement

In December 2019, the District renewed its five-year management agreement with Downtown Akron Partnership, Inc., a nonprofit corporation. Under the agreement, Downtown Akron Partnership, Inc. acts as an independent contractor to implement and administer the service plan of the District for payment. The payments to Downtown Akron Partnership, Inc. for the year ended June 30, 2020 and 2021 were \$1,240,054 and \$725,000 respectively. With the renewal, Summit County collections were increased to \$850,000 per year. Property owners could prepay their five-year assessment. There were no prepayments during the 2021 fiscal year.

Note 3. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Note 4. Subsequent Events

Subsequent events have been evaluated through October 15, 2021, which is the date the cash basis financial statements were available to be issued.