

SPECIAL SERVICE AREA #33
Managed by the Wicker Park & Bucktown
Chamber of Commerce
(a taxing district authorized by the City of Chicago)
FINANCIAL STATEMENTS
YEAR ENDED
DECEMBER 31, 2016

SPECIAL SERVICE AREA #33
(a taxing district authorized by the City of Chicago)
FINANCIAL STATEMENTS
AS OF DECEMBER 31 2016

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To the Commissioners of
Special Service Area #33
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA #33** (a taxing district authorized by the City of Chicago), which comprise the statement of net position and governmental funds balance sheet as of December 31, 2016, and the related statement of activities and governmental funds, revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **SPECIAL SERVICE AREA #33** as of December 31, 2016, and its statement of activities and governmental funds, revenues, expenditures and changes in fund balance of audit findings for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the **SPECIAL SERVICE AREA #33** 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenditures - budget and actual on pages 8 and 9, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sassetti LLC

April 7, 2017

Oak Park, Illinois

SPECIAL SERVICE AREA #33
STATEMENTS OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016		2015	
	Governmental Funds	Adjustments	Statement of Net Position	Statement of Net Position
ASSETS				
Cash and cash equivalents	\$ 256,498	\$ -	\$ 256,498	\$ 230,420
Due from City of Chicago	1,037,235	-	1,037,235	961,024
Security deposit	1,250	-	1,250	1,250
Total Assets	<u>\$ 1,294,983</u>	<u>\$ -</u>	<u>\$ 1,294,983</u>	<u>\$ 1,192,694</u>
LIABILITIES				
Accounts payable	\$ 108,627	\$ -	\$ 108,627	\$ 33,884
Total Liabilities	108,627	-	108,627	33,884
DEFERRED INFLOWS				
Deferred property tax revenue	1,032,473	(1,032,473)	-	-
FUND BALANCES/NET POSITION				
Unassigned	153,882	(153,882)	-	-
Total Fund Balance	153,882	(153,882)	-	-
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,294,982</u>			
Net Position				
Restricted		<u>\$ 1,186,355</u>	<u>\$ 1,186,355</u>	<u>\$ 1,158,810</u>
Amounts reported for governmental activities in the statements of net positions are different because:				
Total fund balance - governmental funds			\$ 153,882	\$ 214,191
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the property tax is deferred as it is not available in the governmental funds			1,032,473	944,619
Total net position - governmental activities			<u>\$ 1,186,355</u>	<u>\$ 1,158,810</u>

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

SPECIAL SERVICE AREA #33
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL
FUNDS, REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DECEMBER 31, 2016 AND 2015

	2016		2015	
	Governmental Funds	Adjustments	Statement of Activities	Statement of Activities
REVENUES				
Property taxes	\$ 1,007,563	\$ 87,854	\$ 1,095,417	\$ 872,772
Interest	301	-	301	228
Total Revenues	<u>1,007,864</u>	<u>87,854</u>	<u>1,095,718</u>	<u>873,000</u>
EXPENDITURES/EXPENSES				
Advertising & promotion	182,717	-	182,717	210,388
Public way maintenance	532,797	-	532,797	410,886
Public way aesthetics	30,305	-	30,305	3,559
Tenant Retention	78,594	-	78,594	-
Safety programs	341	-	341	-
Total Services Expense	<u>824,754</u>	<u>-</u>	<u>824,754</u>	<u>624,833</u>
Personnel	170,903	-	170,903	176,613
Non-Personnel	72,516	-	72,516	45,652
Total Administration Expense	<u>243,419</u>	<u>-</u>	<u>243,419</u>	<u>222,265</u>
Total Expenditures/Expenses	<u>1,068,173</u>	<u>-</u>	<u>1,068,173</u>	<u>847,098</u>
Excess (deficiency) of revenues over expenditures	(60,309)	60,309		
Change in Net Position		27,545	27,545	25,902
Fund Balance/Net Position				
Beginning of the Year	214,191	944,619	1,158,810	1,132,908
End of the Year	<u>\$ 153,882</u>	<u>\$ 1,032,473</u>	<u>\$ 1,186,355</u>	<u>\$ 1,158,810</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental funds	\$ 153,882	\$ 214,191
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	27,545	25,902
Change in Net Position	<u>\$ 181,427</u>	<u>\$ 240,093</u>

SPECIAL SERVICE AREA #33
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Special Service Area #33 ("SSA") provides services on behalf of the City of Chicago ("City") within a specified geographic area. These services include promotional and advertising, maintenance of the public way, safety, and other functions. The SSA is exempt from federal income tax under Section 501(c)(3) of the internal revenue code.

(b) Government-Wide and Fund Financial Statements

The financial statements of the SSA have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

Government - Wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement and the accrual basis of accounting for all of the SSA's activities. The Fund Financial Statements, which focus on the SSA's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

The SSA accounts for its activities in one fund, its general fund.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied.

The governmental fund financial statements are prepared on the modified accrual basis of accounting with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

SPECIAL SERVICE AREA #33
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(d) Assets, Liabilities, and Net Position

Cash, cash equivalents and investments - The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables - All property tax receivables are shown net of allowances. Management does not believe that an allowance is needed as of December 31, 2016.

Fund Equity/Net Position - Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the SSA board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the SSA board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted fund balances are available for use, it is the SSA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance is reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as invested in capital assets net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, if applicable, is comprised of the net capital asset balance less any related debt. Restricted net position is when restrictions are placed on net assets from 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

SPECIAL SERVICE AREA #33
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 7, 2017, the date the financial statements were available to be issued.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and certificates of deposit are subject to custodial credit risk in the event of a bank failure, the SSA's deposits may not be returned. The SSA's policy in order to protect their deposits requires depository institutions to maintain collateral pledges on SSA deposits whenever the deposits exceed the insured limits of the FDIC.

4. PROPERTY TAXES

Property taxes become an enforceable lien on real property on January 1 of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimate based on the prior year billed levy (55%) and is due in March. The second installment is due on August 1, or 30 days from the mailing of the tax bills if issued later than July 1. The second installment is based on the remaining amount of the levy on file with the County. Bills are issued and collected by Cook County who remits the SSA's share to the City who then remits the monies to the SSA.

5. RELATED PARTY TRANSACTIONS

The SSA is affiliated with Wicker Park & Bucktown Chamber of Commerce, which provides certain administrative services for the SSA. As of December 31, 2016, \$19,199 was payable for services provided, and \$171,842 was paid. The balance resulted from the time lag that 1) goods and services are being provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments are being made.

SUPPLEMENTARY INFORMATION

SPECIAL SERVICE AREA #33
STATEMENT OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
DECEMBER 31, 2016

	2016		Over (Under) Variance
	Budget	Actual	
REVENUES			
Property tax	\$ 969,114	\$ 1,007,563	\$ 38,449
Interest	-	301	301
	<u>969,114</u>	<u>1,007,864</u>	<u>38,750</u>
EXPENSES			
Services			
Advertising & Promotion			
Website/social media	\$ 3,500	\$ 3,047	\$ (453)
Public/media relations	15,000	17,687	2,687
Decorative banners	5,000	5,208	208
Special events	20,000	20,000	-
Holiday decoration	63,000	77,000	14,000
Display advertising	1,000	150	(850)
Print materials	25,000	25,250	250
Other - grants	42,000	34,375	(7,625)
Total Advertising & Promotion	<u>174,500</u>	<u>182,717</u>	<u>8,217</u>
Public Way Maintenance			
Graffiti removal	5,000	4,691	(309)
Acid removal/prevention	10,000	6,354	(3,646)
Landscaping	146,324	174,461	28,137
Façade enhancement program	37,000	29,135	(7,865)
Streetscape elements	42,000	19,968	(22,032)
Public art	70,000	50,409	(19,591)
Sidewalk Maintenance	278,000	247,054	(30,946)
City permits	1,000	725	(275)
Total Public Way Maintenance	<u>589,324</u>	<u>532,797</u>	<u>(56,527)</u>
Public Way Aesthetics			
Garbage/recycling material program	14,000	12,893	(1,107)
Bicycle transit enhancements	31,000	17,412	(13,588)
Total Public Way Aesthetics	<u>45,000</u>	<u>30,305</u>	<u>(14,695)</u>
Tenant Retention/Attraction			
Site marketing	-	-	-
Market study	4,500	4,500	-
Commission development	1,000	-	(1,000)
Master planning	75,000	74,094	(906)
Total Tenant Retention/Attraction	<u>80,500</u>	<u>78,594</u>	<u>(1,906)</u>
Safety Programs			
Bike program	<u>1,000</u>	<u>341</u>	<u>(659)</u>
Total Safety Programs	<u>1,000</u>	<u>341</u>	<u>(659)</u>
Total Service Expense	<u>890,324</u>	<u>824,754</u>	<u>(65,570)</u>

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

SPECIAL SERVICE AREA #33
STATEMENT OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
DECEMBER 31, 2016

	2016		
	Budget	Actual	Over (Under) Variance
Administration			
Personnel			
Personnel A	\$ 19,800	\$ 12,422	\$ (7,378)
Personnel B	62,100	54,856	(7,244)
Personnel C	48,150	44,024	(4,126)
Personnel D	18,480	17,786	(694)
Personnel E	24,300	24,650	350
Personnel F	15,000	13,025	(1,975)
Interns	6,000	4,140	(1,860)
Total Personnel	193,830	170,903	(22,927)
Non-Personnel			
SSA annual report	10,500	16,224	5,724
SSA audit	8,650	8,575	(75)
Bookkeeping/payroll fees	1,000	-	(1,000)
Office rent	23,000	18,387	(4,613)
Office utilities	6,500	4,890	(1,610)
Office supplies	3,000	1,391	(1,609)
Equip lease/maintenance	3,000	1,757	(1,243)
Equip purchase/maintenance	1,500	4,352	2,852
Office printing	3,500	1,043	(2,457)
Postage	600	168	(432)
Meeting expenses	4,000	2,373	(1,627)
Subscriptions	2,000	3,843	1,843
Banking fees	2,000	5,943	3,943
Monitoring/compliance	1,000	-	(1,000)
Other - Computer assist.	3,000	1,522	(1,478)
Other - Recycling	500	692	192
Other - Insurance	1,800	1,356	(444)
Total Non-Personnel	75,550	72,516	(3,034)
Total Administration Expense	269,380	243,419	(25,960)
Total Expense	1,159,704	1,068,173	(91,530)
Excess (deficiency) of revenues over expenditures	\$ (190,590)	\$ (60,309)	\$ 130,280

SPECIAL SERVICE AREA #33
SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2016

As part of our audits and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Housing and Economic Development, we have read the requirements contained in the Agreement for Special Service Area #33 between the City of Chicago and Wicker Park Bucktown Chamber of Commerce and note there are no findings on which to report the status.

The auditor's report expresses an unmodified opinion on the financial statements of Special Service Area #33. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

Findings - Financial Statement Audit

None found

Findings and Questioned Costs

None Found