

SPECIAL SERVICE AREA #27

**FINANCIAL STATEMENTS
December 31, 2011 and 2010**

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To the Commissioners
Special Service Area #27

Independent Auditor's Report

We have audited the accompanying Statements of Assets, Liabilities and Net Assets of Special Services Area #27 as of December 31, 2011 and 2010, and the related Statements of Revenues, Expenditures and Changes in Net Assets, Statements of Cash Flows and Summary Schedule of Audit Findings for the years then ended. These financial statements are the responsibility of Special Services Area #27 management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Special Services Area #27 as of December 31, 2011 and 2010, and its revenues, expenditures, changes in net assets, cash flows and summary schedule of audit findings for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The 2011 budget amounts, which were arrived at by the Special Services Area #27 and are shown in the Statement of Revenues, Expenditures and Changes in Net Assets, are presented for comparison purposes only. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.



EILTS & ASSOCIATES, INC.
April 5, 2012

Barton Eilts, C.P.A.

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SPECIAL SERVICES AREA #27

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 25,026	\$ 34,164
Prepaid expense	9,247	7,700
Net current assets	<u>34,273</u>	<u>41,864</u>
TOTAL ASSETS	<u>\$ 34,273</u>	<u>\$ 41,864</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,191	\$ 66,130
Total current liabilities	<u>8,191</u>	<u>66,130</u>
TOTAL LIABILITIES	8,191	66,130
NET ASSETS		
Unrestricted net assets	<u>26,082</u>	<u>(24,266)</u>
Total net assets	<u>26,082</u>	<u>(24,266)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,273</u>	<u>\$ 41,864</u>

The accompanying notes are an integral part of the financial statements

SPECIAL SERVICES AREA #27

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
REVENUES		
Real Estate tax levy (Note 2)	\$ 626,982	\$ 398,481
Interest income	91	661
	<u>627,073</u>	<u>399,142</u>
EXPENDITURES		
PROGRAMS:		
Advertising and promotion	123,358	110,806
Public way maintenance	66,891	106,401
Public way aesthetics	174,360	158,256
Tenant retention / attract	12,451	1,050
Façade improvements	56,535	32,625
Parking / transit / access	-	500
Safety programs	-	500
District planning	105,640	69,067
Total program expense	<u>539,235</u>	<u>479,205</u>
ADMINISTRATION:		
Audit / bookkeeping	3,500	1,800
Meeting expense	750	141
Office equipment purch/maint	2,000	1,200
Office rent	3,600	3,600
Office supplies	2,708	600
Office utilities / telephone	600	500
Postage	2,000	1,500
Office printing	-	13,196
Service provider admin. support	15,303	51,189
Bank service charges	2,214	1,111
Insurance	3,653	5,696
Professional fees	1,162	4,112
Total administration expense	<u>37,490</u>	<u>84,645</u>
Increase (Decrease) in net assets	50,348	(164,708)
Net assets, beginning of period	<u>(24,266)</u>	<u>140,442</u>
Net assets, end of period	<u>\$ 26,082</u>	<u>\$ (24,266)</u>

The accompanying notes are an integral part of the financial statements

SPECIAL SERVICES AREA #27

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Net income/(loss)	\$ 50,348	\$ (164,708)
Adjustments to reconcile net income to net cash provided by operations:		
(Increase)/Decrease in:		
Prepaid expenses	(1,547)	(1,009)
Increase/(Decrease) in:		
Accounts payable	<u>(57,939)</u>	<u>27,488</u>
Net Cash Used by Operating Activities	<u>(9,138)</u>	<u>(138,229)</u>
Net Decrease in Cash	(9,138)	(138,229)
Cash at the beginning of year	<u>34,164</u>	<u>172,393</u>
Cash at the end of year	<u><u>\$ 25,026</u></u>	<u><u>\$ 34,164</u></u>

The accompanying notes are an integral part of the financial statements

SPECIAL SERVICE AREA #27

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Special Service Area #27 was created by the City of Chicago to provide additional services to the Lakeview community. The primary source of funds is from real estate taxes on certain property in the Special Service Area. Special Service Area #27 generates revenue for the sole purpose of improving and enhancing the business districts of the Lakeview. The boundaries of which are generally properties Belmont – Paulina to Racine, Lincoln – Addison to George, Ashland – Addison to Diversey, and Southport – Belmont to Byron.

Activities and services funded include: cleaning and beautification activities, coordination of advertising and promotional events, attraction and recruitment of new quality businesses to the area, and technical assistance to existing and potential businesses.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Based on the information provided by the Department of Planning and Development, the recognition of revenue by the SSA when received would be considered within generally accepted accounting principles. This allows Special Service Areas to prepare financial statements on the accrual basis of accounting.

Cash and Cash Equivalents - Cash and cash equivalents are held in the name of Special Services Area #27 without physical segregation as to various restricted portions. All earnings on such are allocated to unrestricted revenue. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SPECIAL SERVICE AREA #27

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2011 and 2010

NOTE 2 - REAL ESTATE TAX REVENUE

The Organization's principal source of revenue is from real estate taxes levied on certain property located in the boundaries listed in Note 1. The taxes are assessed and collected by Cook County, and paid to the City of Chicago, which then remits to the Organization. Taxes are levied in one year, but paid in two installments the following year by the property owners. The Organization recognizes this revenue in the year in which the funds become available.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in two financial institutions located in Chicago, Illinois. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash balance did not exceed the insurance level as of December 31, 2011 at each bank.

NOTE 4 - RELATED PARTY TRANSACTIONS

The taxing district's contractor is Lakeview Chamber of Commerce. Lakeview Chamber of Commerce is paid a management fee and is also reimbursed for ongoing administration expenses such as rent, utilities, postage and etc. During 2011, SSA #27 paid Lakeview Chamber of Commerce \$120,413 for service provided support. As of December 31, 2011, the taxing district prepaid Lakeview Chamber of Commerce in the amount of \$9,247.

SPECIAL SERVICE AREA #27

**SUMMARY OF SCHEDULE OF AUDIT FINDINGS
For the Year Ended December 31, 2011**

We have read and understand the requirements contained in the Service Provider Agreement. After conducting the audit, we determined that no exceptions were noted.

The auditor's report expresses an unqualified opinion on the financial statements of Special Services Area #27. 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

SPECIAL SERVICES AREA #27

STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET vs. ACTUAL
For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
REVENUES						
Real Estate tax levy	\$ 573,616	\$ 626,982	\$ 53,366	\$ 471,150	\$ 398,481	\$ (72,669)
Loss Collection	(24,150)	-	24,150	(20,450)	-	20,450
Interest income	-	91	91	-	661	661
Total support and revenue	549,466	627,073	77,607	450,700	399,142	(51,558)
EXPENDITURES						
PROGRAMS:						
Advertising and promotion	117,402	123,358	(5,956)	68,000	110,806	(42,806)
Public way maintenance	91,660	66,891	24,769	103,000	106,401	(3,401)
Public way aesthetics	167,600	174,360	(6,760)	193,000	158,256	34,744
Tenant retention / attract	37,451	12,451	25,000	4,050	1,050	3,000
Façade improvements	38,301	56,535	(18,234)	36,000	32,625	3,375
Parking / transit / access	-	-	-	2,500	500	2,000
Safety programs	-	-	-	1,500	500	1,000
District planning	81,152	105,640	(24,488)	17,500	69,067	(51,567)
Total program expenses	533,566	539,235	(5,669)	425,550	479,205	(53,655)
ADMINISTRATION:						
Audit / bookkeeping	3,500	3,500	-	4,000	1,800	2,200
Meeting expense	750	750	-	250	141	109
Office equipment purch / maint	1,200	2,000	(800)	1,200	1,200	-
Office rent	3,600	3,600	-	3,600	3,600	-
Office supplies	500	2,708	(2,208)	600	600	-
Office utilities / telephone	600	600	-	500	500	-
Postage	2,000	2,000	-	1,500	1,500	-
Office printing	-	-	-	500	13,196	(12,696)
Service provider admin. support	3,750	15,303	(11,553)	13,000	51,189	(38,189)
Bank service charges	-	2,214	(2,214)	-	1,111	(1,111)
Insurance	-	3,653	(3,653)	-	5,696	(5,696)
Professional fees	-	1,162	(1,162)	-	4,112	(4,112)
Total administration expenses	15,900	37,490	(21,590)	25,150	84,645	(59,495)
INCREASE (DECREASE) IN NET ASSETS	\$ -	\$ 50,348	\$ 50,348	\$ -	\$ (164,708)	\$ 164,708

The accompanying notes are an integral part of the financial statements