



**SSA #8**

[www.lakevieweast.com](http://www.lakevieweast.com)

**2016 SSA Commissioners**

**Dan Wolf**  
*Chairman*

**Sam Giarratano**  
*Vice-Chairman*

**Robert Smith**  
*Treasurer*

**Paul Loaiza**  
*Secretary*

**Tony Klok**

**Geraldine Lichterman**

**Diane Tanios**

**Jake Elkins-Ryan**

**Staff**

**Maureen Martino**  
*Executive Director*

**Kevin Cusack**  
*Maintenance Manager*

**Barbara Craig**  
*Staff Accountant*

**Jessica Mayo**  
*Marketing & Communications  
Manager*

**Maggie Koehler**  
*Membership & Sponsorship  
Coordinator*

**Advisors**

**44<sup>th</sup> Ward Alderman**  
*Tom Tunney*

**46<sup>th</sup> Ward Alderman**  
*James Cappelman*

Lake View East Chamber of  
Commerce is an Illinois 501(c)6  
not-for-profit Corporation and is the

May 2, 2016,

The A.C.T. Group, Ltd.  
6228 N. Broadway  
Chicago, IL 60660

Dear A.C.T. Group, Ltd.:

We are providing this letter in connection with your audit of the financial statements of SSA #8 as of December 31, 2015 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the net position and changes in fund balances of SSA #8 in conformity with standards established by the Government Accounting Standards Board (GASB). We confirm that we are responsible for the fair presentation in the financial statements of net position and changes in fund balances with standards established by GASB. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 2, 2016, the following representations made to you during your audit.

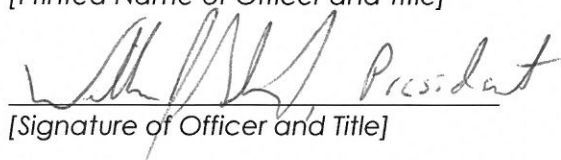
1. The financial statements referred to above are fairly presented in conformity with U.S. GASB and include all assets and liabilities under the Organization's control.
2. We have made available to you all-
  - a. Financial records and related data.
  - b. Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the organization's accounts.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving-
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others.
9. The company has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.
10. The following have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the company is contingently liable.
  - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB Accounting Standards Codification 275, Risks and Uncertainties.
11. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to individual or group concentrations of contributors, grantors, clients, customers, suppliers, lenders, products, services, fund-raising events, sources of labor or materials, licenses or other rights, or operating areas or markets for which events could occur that would significantly disrupt normal finances within the next year.
12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
13. Any activities of which we are aware that would jeopardize the Organizations' tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
14. There are no-

- a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification 450, Contingencies (formerly Statement of Financial Accounting Standards No. 5, Accounting for Contingencies).
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Accounting Standards Codification 450, Contingencies (formerly Statement of Financial Accounting Standards, No. 5).
  - d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
15. The company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB *Accounting Standards Codification 450, Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.

No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

William J Shepard, President  
[Printed Name of Officer and Title]

 President  
[Signature of Officer and Title]

SPECIAL SERVICE AREA #8  
(a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2015

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

SPECIAL SERVICE AREA #8  
(a taxing district authorized by the City of Chicago)

As of December 31, 2015

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of the Lakeview East Chamber of Commerce  
Commissioners of Special Service Area #8  
Chicago, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Special Service Area #8 (a taxing district authorized by the City of Chicago) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Special Service Area #8 basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 about 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified 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 #8 as of December 31, 2015 and the changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

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.

*The A.C.T. Group, Ltd.*

The A.C.T. Group, Ltd.  
Certified Public Accountants  
April 29, 2016

SPECIAL SERVICE AREA #8  
(a taxing district authorized by the City of Chicago)  
Managed by Lakeview East Chamber of Commerce  
Statement of Net Position and Governmental Funds Balance Sheet  
December 31, 2015

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
<u>Current Assets</u>			
Cash	\$ 14,079	\$ -	\$ 14,079
Property Tax Receivable, net of allowance for uncollectable taxes of \$30,084	854,751	-	854,751
<b>TOTAL ASSETS</b>	<b>\$ 868,830</b>	<b>\$ -</b>	<b>\$ 868,830</b>
<b>LIABILITIES</b>			
Due to LVECC	\$ 8,206	\$ -	\$ 8,206
<b>TOTAL LIABILITIES</b>	8,206	-	8,206
<b>DEFERRED INFLOWS</b>			
Deferred Property Tax Revenue	854,751	(854,751)	-
<b>FUND BALANCES / NET POSITION</b>			
<u>Non-spendable:</u>	-	-	-
<u>Committed:</u>	-	-	-
<u>Assigned:</u>	-	-	-
<u>Unassigned</u>	5,873	(5,873)	-
<b>TOTAL FUND BALANCE</b>	5,873	(5,873)	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 868,830</b>		
<u>Net Position</u>			
Restricted		\$ 860,624	\$ 860,624

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

Total fund balance - governmental funds	\$ 5,873
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.	854,751
Total net position - governmental activities	\$ 860,624

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

SPECIAL SERVICE AREA #8  
(a taxing district authorized by the City of Chicago)  
Managed by Lakeview East Chamber of Commerce  
Statement of Activities and Governmental Funds, Revenues,  
Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2015

	Governmental <u>Funds</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
REVENUES:			
Property Taxes	\$ 828,514	\$ 28,947	\$ 857,461
Interest Income	<u>27</u>	<u>-</u>	<u>27</u>
TOTAL REVENUE	<u>828,541</u>	<u>28,947</u>	<u>857,488</u>
EXPENSES:			
Services:			
Customer Attraction	229,934	-	229,934
Public Way Aesthetics	311,607	-	311,607
Sustainability & Public Places	17,072	-	17,072
Economic/Business Development	6,904	-	6,904
Safety Programs	<u>41,976</u>	<u>-</u>	<u>41,976</u>
Total Services Expense	<u>607,493</u>	<u>-</u>	<u>607,493</u>
Administration:			
Personnel	155,455	-	155,455
Admin - nonpersonnel	<u>76,689</u>	<u>-</u>	<u>76,689</u>
Total Administration Expense	<u>232,144</u>	<u>-</u>	<u>232,144</u>
TOTAL EXPENSES	<u>839,637</u>	<u>-</u>	<u>839,637</u>
Excess of revenues over expenditures	(11,096)	11,096	
Change in Net Position		17,851	17,851
FUND BALANCE/NET POSITION			
Beginning of the Year	<u>16,969</u>	<u>825,804</u>	<u>842,773</u>
End of the Year	<u>\$ 5,873</u>	<u>\$ 854,751</u>	<u>\$ 860,624</u>

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

Net change in Fund balance - governmental funds	\$ (11,096)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	<u>28,947</u>
Change in net position	<u>\$ 17,851</u>

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



SPECIAL SERVICE AREA #8  
(a taxing district authorized by the City of Chicago)  
Managed by Lakeview East Chamber of Commerce  
Statement of Revenues and Expenditures - Budget and Actual  
For the Year Ended December 31, 2015 and 2014

	2015			2014		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>						
Property Taxes	\$ 848,576	\$ 835,084	\$ (13,492)	\$ 849,608	\$ 840,653	\$ (8,955)
Interest Income	-	27	27	-	16	16
Loss Collection	(27,000)	-	27,000	(22,000)	-	22,000
Late Collections	7,508	(6,570)	(14,078)	-	-	-
<b>TOTAL REVENUE</b>	<b>829,084</b>	<b>828,541</b>	<b>(543)</b>	<b>827,608</b>	<b>840,669</b>	<b>13,061</b>
<b>EXPENSES:</b>						
<b>Customer Attraction</b>						
Website	6,000	8,430	2,430	-	-	-
Special Events	50,000	69,799	19,799	-	-	-
Free Wi-Fi Program	1,500	599	(901)	-	-	-
Social Media Outreach	6,000	5,875	(125)	-	-	-
Decorative Banners	8,500	13,302	4,802	-	-	-
Holiday Decorations	25,000	35,818	10,818	-	-	-
Printed Materials	5,000	6,166	1,166	-	-	-
Display Advertising	30,000	29,262	(738)	-	-	-
PR/Media Relations	6,000	8,282	2,282	-	-	-
Shoppers Rebate Program	25,000	25,000	-	-	-	-
Gift Card	8,000	8,116	116	-	-	-
Tourism	15,000	19,285	4,285	-	-	-
<b>Total Customer Attraction</b>	<b>186,000</b>	<b>229,934</b>	<b>43,934</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Public Way Aesthetics</b>						
Acid etching Removal/Prevention	1,000	715	(285)	-	-	-
Landscaping	65,000	61,260	(3,740)	-	-	-
Façade Enhancement	60,000	23,951	(36,049)	-	-	-
Way Finding/Signage	5,000	5,055	55	-	-	-
Streetscape Elements	20,000	22,988	2,988	-	-	-
Public Art	15,000	8,567	(6,433)	-	-	-
Sidewalk Maintenance	125,000	131,795	6,795	-	-	-
City Permits	1,500	887	(613)	-	-	-
Supplies	14,000	21,634	7,634	-	-	-
Storage	18,850	10,850	(8,000)	-	-	-
Powerwashing	20,000	23,905	3,905	-	-	-
Workman's comp	1,508	-	(1,508)	-	-	-
<b>Total Public Way Aesthetics</b>	<b>346,858</b>	<b>311,607</b>	<b>(35,251)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sustainability &amp; Public Places</b>						
Garbage/Recycling Program	3,500	1,478	(2,022)	-	-	-
Small Business Energy Efficiency Retrofits	5,000	-	(5,000)	-	-	-
Public Transit Enhancements	1,000	-	(1,000)	-	-	-
Bicycle Transit Enhancements	1,000	-	(1,000)	-	-	-
People Spots	8,000	15,594	7,594	-	-	-
Public Alley	6,000	-	(6,000)	-	-	-
<b>Total Sustainability &amp; Public Places</b>	<b>24,500</b>	<b>17,072</b>	<b>(7,428)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Economic/Business Development</b>						
Site Marketing	2,000	4,568	2,568	-	-	-
Group Purchasing Program	800	-	(800)	-	-	-
Supplemental Transit	2,000	751	(1,249)	-	-	-
Wi-Fi District Intra./Maint.	1,500	135	(1,365)	-	-	-
Strategic Planning	3,000	-	(3,000)	-	-	-
Economic Impact Study	2,000	1,450	(550)	-	-	-
Commission Development	1,000	-	(1,000)	-	-	-
<b>Total Econ./Bus. Development</b>	<b>12,300</b>	<b>6,904</b>	<b>(5,396)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Safety Programs</b>						
Public Way Surveillance Cameras/Maintenance	1,500	1,500	-	3,000	-	(3,000)
Security Patrol Services	50,000	40,476	(9,524)	3,000	7,612	4,612
<b>Total Safety Programs</b>	<b>51,500</b>	<b>41,976</b>	<b>(9,524)</b>	<b>6,000</b>	<b>7,612</b>	<b>1,612</b>
<b>Advertising &amp; Promotion</b>						
Website and/or Social Media	-	-	-	15,000	16,836	1,836
Public and/or Media Relations	-	-	-	10,000	10,638	638
Special Events	-	-	-	40,900	43,301	2,401
Display Advertising	-	-	-	25,000	28,273	3,273
Printed Materials	-	-	-	10,000	9,406	(594)
Shopper's Rebate	-	-	-	28,500	28,520	20
Travel & Tourism	-	-	-	19,350	18,620	(730)
Interns and ambassadors	-	-	-	8,000	7,708	(292)
<b>Total Advertising &amp; Promotion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,750</b>	<b>163,302</b>	<b>6,552</b>

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

SPECIAL SERVICE AREA #8  
(a taxing district authorized by the City of Chicago)  
Managed by Lakeview East Chamber of Commerce  
Statement of Revenues and Expenditures - Budget and Actual  
For the Year Ended December 31, 2015 and 2014

	2015			2014		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Public Way Maintenance						
Sidewalk Cleaning	-	-	-	125,000	105,962	(19,038)
Sidewalk Snow Plowing	-	-	-	5,000	4,470	(530)
Sidewalk Powerwashing	-	-	-	10,500	23,905	13,405
Acid Etching Removal and/or Prevention	-	-	-	500	-	(500)
Equipment Purchase/Maintenance	-	-	-	2,500	2,424	(76)
Supplies	-	-	-	12,000	17,551	5,551
Storage Fees	-	-	-	8,400	9,450	1,050
Liability/Workman's Comp/Prop. Ins.	-	-	-	6,000	5,670	(330)
Total Public Way Maintenance	-	-	-	169,900	169,432	(468)
Public Way Aesthetics						
Streetscape	-	-	-	40,000	12,568	(27,432)
Banners and/or Holiday Decorations	-	-	-	11,600	12,794	1,194
Wayfinding/Signage	-	-	-	5,000	5,000	-
Public Art	-	-	-	20,000	23,890	3,890
Landscaping	-	-	-	65,000	76,060	11,060
Equipment Purchase/Maintenance	-	-	-	1,200	-	(1,200)
Supplies	-	-	-	1,000	1,000	-
Liability/Prop Insurance	-	-	-	6,000	7,374	1,374
Public Spaces	-	-	-	30,000	30,675	675
Total Public Way Aesthetics	-	-	-	179,800	169,361	(10,439)
Tenant Retention/Attraction						
Data Collection	-	-	-	3,000	1,379	(1,621)
Site Marketing Materials	-	-	-	3,500	3,334	(166)
Total Tenant Retention/Attraction	-	-	-	6,500	4,713	(1,787)
Façade Improvements						
Façade Enhancement Program	-	-	-	60,000	54,086	(5,914)
Awning Program	-	-	-	4,000	-	(4,000)
Signage Removal Program-Rebates	-	-	-	2,000	-	(2,000)
Program Costs	-	-	-	500	-	(500)
Total Façade Improvements	-	-	-	66,500	54,086	(12,414)
Parking/Transit/Accessibility						
Valet (Auto or Bicycle)	-	-	-	5,000	1,000	(4,000)
Supplemental Transit	-	-	-	4,658	5,450	792
Total Parking/Transit/Accessibility	-	-	-	9,658	6,450	(3,208)
District Planning						
Commission Development	-	-	-	500	-	(500)
Strategic Planning	-	-	-	5,000	5,000	-
Master Planning	-	-	-	4,500	3,980	(520)
Economic Impact Study/Branding	-	-	-	2,500	5,742	3,242
Total District Planning	-	-	-	12,500	14,722	2,222
Other Technical Assistance						
Other support	-	-	-	3,000	3,000	-
Total Other Technical Assistance	-	-	-	3,000	3,000	-
SSA Mgt/Admin. Non-Personnel						
Annual Report	1,200	-	(1,200)	500	-	(500)
Audit	3,500	5,500	2,000	3,500	4,100	600
Bookkeeping	1,500	2,111	611	3,000	3,115	115
Office Rent	39,900	50,400	10,500	44,400	50,400	6,000
Office Utilities	5,000	3,792	(1,208)	5,000	4,610	(390)
Office Supplies	1,500	1,607	107	1,500	1,916	416
Office Equip Lease/Maint.	5,000	5,262	262	6,000	6,019	19
Office Printing	1,000	1,452	452	1,000	1,022	22
Postage	800	1,023	223	1,500	1,045	(455)
Meeting Expense	1,500	290	(1,210)	1,500	1,160	(340)
Subscriptions/Dues	1,500	961	(539)	1,500	1,595	95
Banking Fees	1,000	546	(454)	500	1,580	1,080
Monitoring/Compliance	500	-	(500)	1,000	-	(1,000)
Training & Workshops	3,000	3,745	745	3,000	2,948	(52)
Total SSA Mgt./Admin. Non-Personnel	66,900	76,689	9,789	73,900	79,510	5,610
Personnel						
Total Personnel	151,103	155,455	4,352	143,100	151,511	8,411
TOTAL EXPENSES	839,161	839,637	476	827,608	823,699	(3,909)
Excess of Revenues Over Expenses	\$ (10,077)	\$ (11,096)	\$ (1,019)	\$ -	\$ 16,970	\$ 16,970

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

SPECIAL SERVICE AREA #8  
(a taxing district authorized by the City of Chicago)  
Managed by Lakeview East Chamber of Commerce  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Summary of Significant Accounting Policies

**Reporting Entity:** Special Service Area #8 (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)(6) of the Internal Revenue code.

**Government-Wide and Fund Financial Statements:** The financial statements of the SSA have been prepared in conformity with the 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 the establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

Government-Wide financial statements (statements of net position and statement of activities) are prepared using the economic resources measurement focus 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.

**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 the related cash flows. Property taxes are recognized as revenues in the year 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.

The preparation of financial statement 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.

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**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. As of December 31, 2015, the allowance is estimated to be 3.4% of the outstanding property taxes.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Fund Equity/Net Position:** Government 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 a net resource 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 statement, 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. The remaining net position is classified as unrestricted.

2. Cash

The Organization maintains its cash in a bank deposit account, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash.

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3. 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.

4. Related Party Transactions

The SSA is affiliated with the Lakeview East Chamber of Commerce, which provides certain administrative services for the SSA. As of December 31, 2015, \$32,186 was due to the Chamber.

5. Prior Year Reclassifications

For comparability, the prior year's financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used this year.

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SUMMARY SCHEDULE OF FINDINGS

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Housing and Economic Development dated June 2013, we have read the requirements contained in the Agreement for Special Service Area #8 between the City of Chicago and Lakeview East Chamber of Commerce.

Per Article 5.03, the Contractor established a separate bank account in Chicago, Illinois. All service tax funds were automatically deposited into this bank account.

We noted certain expenditures for which actual expenses exceeded budgeted amounts.

The Contractor does not pay the bills of SSA #8 out of the SSA #8 bank account. All bills are paid through Lakeview East Chamber of Commerce (LVECC) and monies are transferred out of the SSA account to the LVECC account for the amount of funds spent for the SSA. If a bill is to be allocated between LVECC and the SSA, only funds that apply the SSA portion of the bill are transferred to LVECC. A reconciliation of the due to/from is done at year-end

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

RESPONSE

SSA #8 bank account is currently a depository bank account. All bills are paid through the Lakeview East Chamber of Commerce (LVECC) bank account and monies are transferred out of the SSA #8 account to the LVECC account for the amount of funds spent for SSA #8. SSA #8 funds are not commingled with other LVECC sources per *Section 5.03, Method of Payment*:

*Section 5.03, Method of Payment*, also states that pursuant to a schedule to be determined by the Commissioners, after the performance of services pursuant to the terms of the agreement, LVECC may submit invoices to the City to request reimbursement for such expenses. LVECC must provide, along with the invoices, such additional documentation as the Commissioners request to substantiate the services. Upon the Commissioners' determination that the invoices are accurate, the City will process payment of the invoices.

Abiding to the Special Service Area Financial and Accounting Guidelines, SSA #8 Commissioners do not sign checks or other financial documents, but their approval in writing is needed for financial transactions pertaining to SSA #8 finances. The SSA #8 Commissioners approve each line item for expenses per month at quarterly meetings. The Commission approves each request and is documented in the meeting minutes. The SSA#8 Treasurer reviews the budget with the Sole Service Provider's Executive Director and bookkeeper prior to each meeting.

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