

**SPECIAL SERVICE AREA #17  
ADMINISTERED BY  
CENTRAL LAKEVIEW MERCHANTS ASSOCIATION**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**WITH  
INDEPENDENT AUDITOR'S REPORT**

**SPECIAL SERVICE AREA #17**

**ADMINISTERED BY**

**CENTRAL LAKEVIEW MERCHANTS ASSOCIATION**

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# Helen J. Ajder C.P.A. PC

Certified Public Accountant

## INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners  
Special Service Area #17  
Administered by  
Central Lakeview Merchants Association  
3355 North Clark Street  
Chicago, IL 60657

In accordance with the City of Chicago instructions, I have audited the accompanying component unit financial statement of Special Service Area #17 administered by Central Lakeview Merchants Association, which comprise the Statement of Net Position and Governmental Funds Balance Sheet, Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance at December 31, 2014. Per instructions from the City of Chicago, these financial statements include the Statement of Revenues and Expenditures – Budget and Actual.

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

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board). See footnotes to these financial statements.

The City of Chicago has not required the Statement of Cash Flows to be presented as part of these financial statements.

### **Auditor's Responsibility**

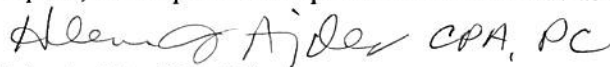
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the net position of Special Service Area #17 as of December 31, 2014 as required by the City of Chicago.

 CPA, PC

Helen J. Ajder CPA, PC

April 16, 2014

**SPECIAL SERVICE AREA #17  
ADMINISTERED BY  
CENTRAL LAKEVIEW MERCHANTS ASSOCIATION**

**STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET**

**DECEMBER 31, 2014**

<b>ASSETS</b>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 33,552		\$ 33,552
Tax allocation receivable	659,661		659,661
Due from Central Lakeview Merchants Association	<u>111,189</u>		<u>111,189</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 804,402</u></u>		<u><u>\$ 804,402</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	<u>\$ -</u>		<u>\$ -</u>
Total current liabilities	-		
<b>DEFERRED INFLOWS</b>			
Deferred property tax revenue	350,825	(350,825)	
<b>FUND BALANCES/NET POSITION</b>			
Non-spendable:			
Prepaid items	-		
Committed:	-		
Unassigned	<u>453,577</u>	<u>(453,577)</u>	
Total Fund Balance	<u>453,577</u>	<u>(453,577)</u>	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u><u>\$ 804,402</u></u>		
Net position			
Unrestricted		<u>\$ (804,402)</u>	<u>\$ 804,402</u>
Total fund balance - governmental funds			\$ 453,577
Property tax revenue is recognized in the period for which levied rather than when "available"			<u>350,825</u>
Total net position - governmental activities			<u><u>\$ 804,402</u></u>

**SPECIAL SERVICE AREA #17  
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CENTRAL LAKEVIEW MERCHANTS ASSOCIATION**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS,  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**DECEMBER 31, 2014**

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Property taxes - net of allowance	\$ 916,796	(291,806)	\$ 624,990
Interest	17		17
<b>Total revenues</b>	<b>916,813</b>		<b>625,007</b>
<b>Expenditures/Expenses</b>			
Advertising and promotion	92,274		92,274
Public way maintenance	115,386		115,386
Public way aesthetics	76,582		76,582
Tenant retention/attraction	6,856		6,856
Façade improvements	55,932		55,932
Parking/transit/accessibility	3,652		3,652
Safety programs	1,299		1,299
Other technical assistance	19,763		19,763
Administration	233,694		233,694
<b>Total expenditures/expenses</b>	<b>605,438</b>		<b>605,438</b>
Excess of revenues over expenditures	311,375	(311,375)	-
<b>Change in net position</b>		<b>19,569</b>	<b>19,569</b>
<b>Fund balance/Net Position</b>			
Beginning of the year	142,202	642,631	784,833
End of year	<u>\$ 453,577</u>	<u>350,825</u>	<u>\$ 804,402</u>

**SPECIAL SERVICE AREA #17**  
**ADMINISTERED BY**  
**CENTRAL LAKE VIEW MERCHANTS ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**NOTE 1 - Purpose of Organization and Nature of SSA #17**

Central Lake View Merchants Association (the Association) is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501(C-6) of the Internal Revenue Code. The Association is dedicated to assist in the planning, developing, and servicing of the Lakeview neighborhood of Chicago. The Association, by contract with the City of Chicago, is the provider of special services to the Lake View area funded by Special Service Area #17 taxes. Special Service Area #17 is both sides of Sheffield from the north side of Diversey to the south side of Irving Park, Diversey on the north side only from 916 W. Diversey to 1012 W. Diversey, Clark Street from Fletcher to Irving Park, Belmont from Halsted to Racine, Addison from 835 W. Addison to 1117 W. Addison, and the south side of Irving Park from the east side of Clark Street up to and including the parking lot just east of Fremont. The expansion areas are the south side of Irving Park from the east side of Clark Street up to and including the parking lot just east of Fremont, Sheffield south of Irving Park to just north of Waveland, Diversey on the north side only from 1012 W. Diversey to 916 W. Diversey and Addison from 1117 W. Addison to Reta. Special Services authorized in the Establishment Ordinance include maintenance and beautification activities; security programs; recruitment and promotion of new businesses in the Area and retention and promotion of existing businesses in the Area; coordinated marketing and promotional activities; strategic planning for the general development of the Area; financing of storefront façade and signage improvements; parking and transit programs; and other technical assistance activities to promote commercial and economic development, including, but not limited to, enhanced local land use oversight and control initiatives, community service and pre-development costs.

**NOTE 2 - Summary of Significant Accounting Policies**

**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).

**SPECIAL SERVICE AREA #17**  
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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**NOTE 2 - Summary of Significant Accounting Policies - continued**

**Government-Wide and Fund Financial Statements – continued**

Government-Wide financial statements (statement 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, it's 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 related cash flows. Property taxes are recognized as revenues in the year in which they are levied.

The government 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 presentation 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.

**SPECIAL SERVICE AREA #17**  
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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**NOTE 2 - Summary of Significant Accounting Policies - continued**

**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. The SSA maintains its cash account in what it believes is a high quality bank. Nevertheless, there is exposure where the balance may exceed the federally insured limits. The SSA does not believe that it is exposed to any significant credit risk related to its cash balance.

**Receivables**

All property tax receivables are shown net of allowance. As of December 31, 2014, the allowance is estimated to be 2% 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**

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable 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 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.



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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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**NOTE 2 - Summary of Significant Accounting Policies – continued**

Fund Equity/Net Position – continued

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 laws through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.

**NOTE 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.

**NOTE 4 – Related party transactions**

The SSA is affiliated with Central Lakeview Merchants Association, which provides certain administrative services for the SSA.

**SPECIAL SERVICE AREA #17**  
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**SUMMARY SCHEDULE OF AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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

The auditor's report expresses an unqualified opinion on the financial statements of Special Service Area #17. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

None found

**SPECIAL SERVICE AREA #17**  
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**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014		Variance
	Budget	Actual	
<b>Revenues</b>			
Proeprty taxes	\$ 711,350	\$ 624,990	\$ 86,360
Interest	-	17	\$ (17)
Total revenue	711,350	625,007	86,343
<b>Expenditures</b>			
Advertising and promotion			
Website/social media	800	1,121	(321)
Public/media relations	26,000	20,310	5,690
Special events	17,200	16,585	615
Display advertising	4,000	3,918	82
Print materials	45,500	39,064	6,436
Electronic materials	11,500	11,276	224
Total advertising and promotion	105,000	92,274	12,726
Public way maintenance			
Sidewalk cleaning	81,000	92,085	(11,085)
Sidewalk snow plowing	40,000	22,855	17,145
Supplies	4,000	446	3,554
Total public way maintenance	125,000	115,386	9,614
Public way aesthetics			
Streetscape elements	5,000	-	5,000
Decorative banners/holiday decorations	18,500	24,201	(5,701)
Wayfinding/signage	25,000	-	25,000
Public art	6,000	11,715	(5,715)
Landscaping	45,000	40,666	4,334
Total public way aesthetics	99,500	76,582	22,918
Tenant retention/attraction			
Professional seminars	6,500	1,780	4,720
Participation/support of events in commnity	-	5,076	(5,076)
Total tenant retention/attraction	6,500	6,856	(356)
Façade improvements			
Façade enhancement program - rebates	47,206	55,932	(8,726)
Signage removal program - rebates	35,000	-	35,000
Total façade improvmnts	82,206	55,932	26,274

See notes to the financial statements

**SPECIAL SERVICE AREA #17**  
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**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014		Variance
	Budget	Actual	
Parking/transit/accessibility			
Bicycle transit enhancements/racks	7,000	3,652	3,348
Total parking/transit/accessibility	7,000	3,652	3,348
Safety programs			
Crime and safety	2,400	1,299	1,101
Total safety programs	2,400	1,299	1,101
Other technical assistance			
Graphic design	20,000	19,763	
Total other technical assistance	20,000	19,763	237
Administration			
Salaries	131,115	122,587	8,528
Payroll taxes	12,609	10,171	2,438
Benefits	15,435	14,704	731
Accounting and audit	10,000	7,637	2,363
Rent & utilities	34,908	35,412	(504)
SSA annual report	50	-	50
Insurance	3,000	3,032	(32)
Office supplies	10,400	9,615	785
Equipment lease	6,800	6,800	-
Printing	9,600	8,266	1,334
Postage	9,600	9,600	-
Conferences and meetings	800	866	(66)
Dues and subscriptions	600	1,100	(500)
Bank charges	1,400	1,314	86
Travel	1,200	1,340	(140)
Staff development	2,000	1,250	750
Total administration	249,517	233,694	15,823