

**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, 2014**



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

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements 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 fund balance sheet as of December 31, 2014, and the related statement of activities and governmental fund / 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 audits. We conducted our audits 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, 2014, and its statement of activities and governmental fund / 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.

## Emphasis of Matter

During 2014, **SPECIAL SERVICE AREA #33**, changed its basis of accounting to follow the standards of established by the Government Accounting Standards Board (GASB) applicable to governmental entities. Previously, the SSA was following a basis of accounting similar to a not-for-profit entity under the standards of the Financial Accounting Standards Board (FASB).

## Other Matter

### Required Supplementary 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 10 and 11, are presented for comparison and analysis purposes only. The supplementary information is not a required part of the basic financial statements. We have not performed any auditing procedures on the budget amount and therefore, express no opinion on them.

*Sassetti LLC*

April 10, 2015  
Oak Park, Illinois

SPECIAL SERVICE AREA #33  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2014

	Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 138,122	\$ -	\$ 138,122
Due from City of Chicago	1,021,223	-	1,021,223
Security deposit	1,250	-	1,250
Total Assets	\$ 1,160,595	\$ -	\$ 1,160,595
<b>LIABILITIES</b>			
Accounts payable	\$ 27,687	\$ -	\$ 27,687
Total Liabilities	27,687	-	27,687
<b>DEFERRED INFLOWS</b>			
Deferred property tax revenue	876,823	(876,823)	-
<b>FUND BALANCES/NET POSITION</b>			
Unassigned	256,085	(256,085)	-
Total Fund Balance	256,085	(256,085)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 1,160,595		
Net Position Restricted		\$ 1,132,908	\$ 1,132,908

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

Total fund balance - governmental funds	\$ 256,085
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	876,823
Total net position - governmental activities	\$ 1,132,908

SPECIAL SERVICE AREA #33  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL  
FUNDS, REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
DECEMBER 31, 2014

	Governmental Funds	Adjustments	Statement of Activities
<b>REVENUES</b>			
Tax levy revenue	\$ 944,040	\$ (10,572)	\$ 933,468
Interest Income	111	-	111
Total Revenues	<u>944,151</u>	<u>(10,572)</u>	<u>933,579</u>
<b>EXPENDITURES/EXPENSES</b>			
Advertising & promotion	97,344	-	97,344
Public way maintenance	277,987	-	277,987
Public way aesthetics	208,840	-	208,840
Facade improvements	20,361	-	20,361
Parking/transit/accessibility	940	-	940
Safety programs	39	-	39
District planning	70,005	-	70,005
Total Services Expense	<u>675,516</u>	<u>-</u>	<u>675,516</u>
Personnel	174,409	-	174,409
Non-Personnel	49,397	-	49,397
Total Administration Expense	<u>223,806</u>	<u>-</u>	<u>223,806</u>
Total expenditures/expenses	<u>899,322</u>	<u>-</u>	<u>899,322</u>
Change in Net Position	44,829	(10,572)	34,257
<b>Fund Balance/Net Position</b>			
Beginning of the Year (Restated)	<u>211,256</u>	<u>887,395</u>	<u>1,098,651</u>
End of the Year	<u>\$ 256,085</u>	<u>\$ 876,823</u>	<u>\$ 1,132,908</u>

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

Net change in fund balance - governmental funds	\$ 256,085
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	<u>(10,572)</u>
Change in Net Position	<u>\$ 245,513</u>

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

SPECIAL SERVICE AREA #33  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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 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.

(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, 2014

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 shortterm 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, 2014.

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. The remaining net position is classified as unrestricted.

SPECIAL SERVICE AREA #33  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 law through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.

Subsequent events have been evaluated through April 10, 2015, the date the financial statements were available to be issued.

2 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.

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 Wicker Park & Bucktown Chamber of Commerce, which provides certain administrative services for the SSA. As of December 31, 2014, \$3,918 was payable for services provided, and \$27,672 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.

5 PRIOR PERIOD ADJUSTMENTS

During 2014, Special Service Area #33 changed its basis of accounting to follow the standards established by the Government Accounting Standards Board (GASB) applicable to governmental entities. Previously, the SSA was following a basis of accounting similar to a not-for-profit entity under the standards of the Financial Accounting Standards Board (FASB).

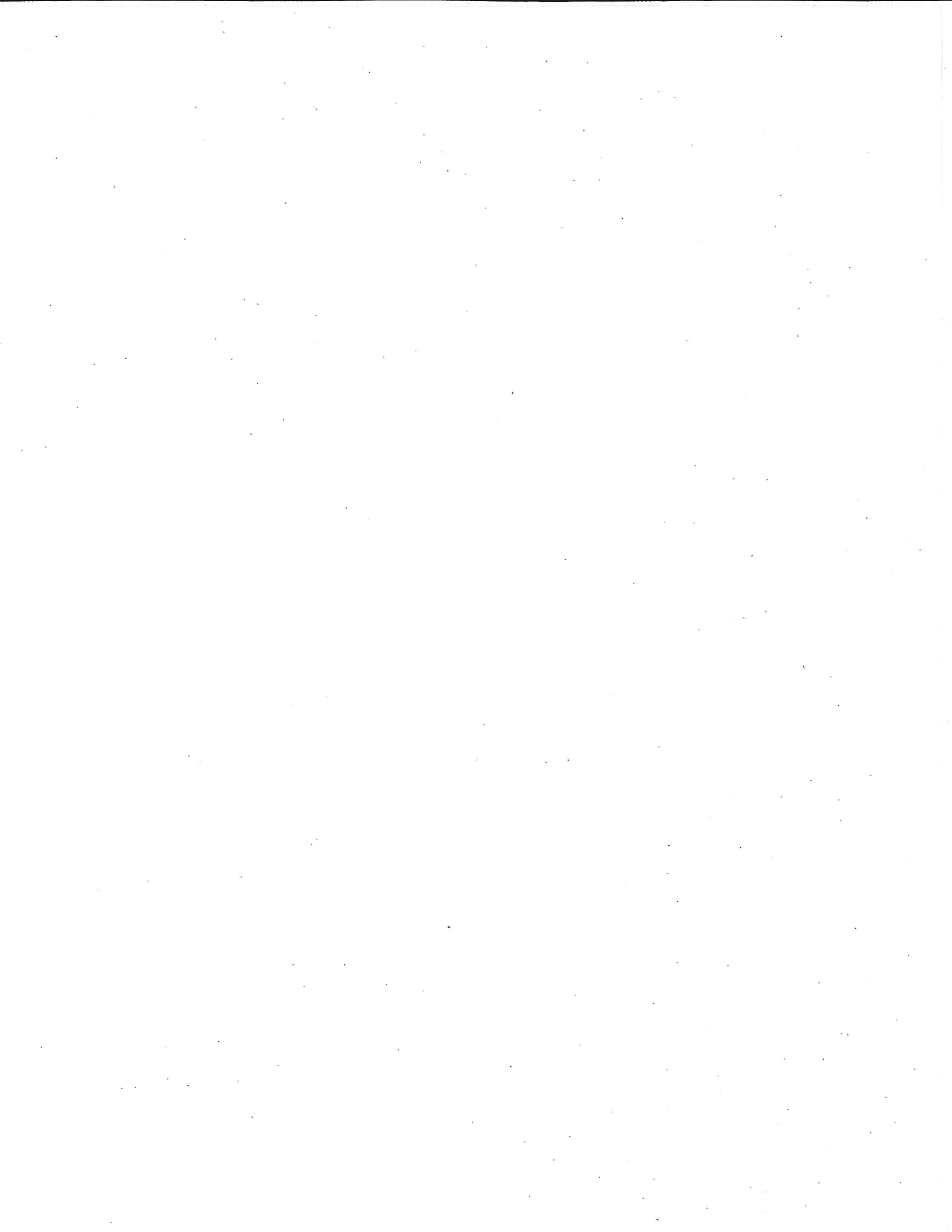


SPECIAL SERVICE AREA #33  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

5 PRIOR PERIOD ADJUSTMENTS - CONTINUED

The SSA is required to present information regarding its financial position and activities according to the Agreement for Special Service Area #33 between the City of Chicago and the SSA. As of December 31, 2014, the SSA had a total fund balance of \$256,085. These funds will be utilized in this special service area during future years. If the SSA would have continued to follow the basis of accounting by the standards under FASB, the ending carry over amount / fund balance / net assets would have been \$120,363, this represents 12.2% of the original approved 2014 budget.

**SUPPLEMENTARY INFORMATION**



SPECIAL SERVICE AREA #33  
STATEMENT OF REVENUES AND  
EXPENDITURES - BUDGET AND ACTUAL  
DECEMBER 31, 2014

	Budget	Actual	Over (Under) Variance
<b>REVENUES</b>			
Tax levy revenue	\$ 1,007,889	\$ 944,040	\$ (63,849)
Interest income	-	111	111
	<u>1,007,889</u>	<u>944,151</u>	<u>(63,738)</u>
<b>EXPENSES</b>			
Services			
Advertising & Promotion			
Website/social media	\$ 1,100	\$ 1,130	\$ 30
Public/media relations	31,800	29,250	(2,550)
Special events	30,000	30,474	474
Display advertising	600	530	(70)
Print materials	500	-	(500)
Other - grants	40,000	35,961	(4,039)
Total Advertising & Promotion	<u>104,000</u>	<u>97,345</u>	<u>(6,655)</u>
Public Way Maintenance			
Sidewalk cleaning	147,400	146,876	(524)
Sidewalk snow plowing	114,000	107,638	(6,362)
Acid removal/prevention	22,600	20,301	(2,299)
Other-neigh./comm. recycle	5,000	3,172	(1,828)
Total Public Way Maintenance	<u>289,000</u>	<u>277,987</u>	<u>(11,013)</u>
Public Way Aesthetics			
Streetscape elements	3,000	2,481	(519)
Banners/decorations	73,500	73,482	(18)
Public art	45,000	42,205	(2,795)
Landscaping	93,500	90,672	(2,828)
Total Public Way Aesthetics	<u>215,000</u>	<u>208,840</u>	<u>(6,160)</u>
Facade Improvements			
Facade enhancement program	20,000	10,000	(10,000)
Other-graffiti abatement	10,000	10,361	361
Total Facade Improvements	<u>30,000</u>	<u>20,361</u>	<u>(9,639)</u>
Parking/Transit/Accessibility			
Bicycle transit enhancement	1,000	940	(60)
Total Parking/Transit/Accessibility	<u>1,000</u>	<u>940</u>	<u>(60)</u>
Safety Programs			
Bike program	500	39	(461)
Total Safety Programs	<u>500</u>	<u>39</u>	<u>(461)</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, 2014

	Budget	Actual	Over (Under) Variance
District Planning			
SSA designation/reconst.	80,000	70,005	(9,995)
Economic impact study/etc	1,000	-	(1,000)
Total District Planning	<u>81,000</u>	<u>70,005</u>	<u>(10,995)</u>
Total Services Expense	<u>720,500</u>	<u>675,517</u>	<u>(44,983)</u>
Administration			
Personnel			
Personnel A	\$ 31,023	\$ 21,373	\$ (9,650)
Personnel B	57,834	58,454	620
Personnel C	43,750	45,396	1,646
Personnel D	17,612	16,410	(1,202)
Personnel E	23,967	16,077	(7,890)
Personnel F	16,363	10,521	(5,842)
Interns	5,950	6,178	228
Total Personnel	<u>196,499</u>	<u>174,409</u>	<u>(22,090)</u>
Non-Personnel			
SSA annual report	9,000	4,400	(4,600)
SSA audit	6,500	6,025	(475)
Bookkeeping/payroll fees	1,000	-	(1,000)
Office rent	22,000	18,705	(3,295)
Office utilities	6,500	5,344	(1,156)
Office supplies	3,000	2,475	(525)
Equip lease/maintenance	3,000	1,352	(1,648)
Office printing	2,000	1,275	(725)
Postage	600	718	118
Meeting expenses	4,000	2,479	(1,521)
Subscriptions	500	154	(346)
Banking fees	2,000	2,259	259
Monitoring/compliance	2,300	557	(1,743)
Other - Computer assist.	3,000	1,734	(1,266)
Other - Recycling	700	528	(172)
Other - Insurance	1,800	1,391	(409)
Total Non-Personnel	<u>67,900</u>	<u>49,396</u>	<u>(18,504)</u>
Total Administration Expense	<u>264,399</u>	<u>223,805</u>	<u>(40,594)</u>
Total Expense	<u>984,899</u>	<u>899,322</u>	<u>(85,577)</u>
Excess of Revenues over Expenses	<u>\$ 22,990</u>	<u>\$ 44,829</u>	<u>\$ 21,839</u>

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

SPECIAL SERVICE AREA #33  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2014

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 unqualified 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